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**RETRAINING AND LABOR MARKET
ADJUSTMENT IN WESTERN EUROPE**

Retraining
and
Labor Market Adjustment
in
Western Europe

by Margaret S. Gordon

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Monograph No. 4

August 1965



ADJUSTMENT IN WESTERN EUROPE

by Margaret S. Gordon

THE UNITED STATES
GOVERNMENT PRINTING OFFICE

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FOREWORD

Dr. Margaret Gordon has made a thoughtful study of the retraining programs of seven industrialized countries of Western Europe, assembling, for the first time, comparative facts and figures on training efforts abroad. The study has important implications for U.S. manpower programs, including her conclusions:

- (1) That retraining decisions must be based on careful analyses of manpower conditions at the local, regional, and national level; and
- (2) That the United States would do well to follow the example of Europe in considering retraining as a permanent national program in periods of full employment as well as during periods of unemployment.

Publication of this book comes at the end of a half decade that has produced significant national legislation designed to foster and make more precise the matching of workers and jobs. Starting with the Area Redevelopment Act of 1961, and continuing with the Manpower Development and Training Act, the Economic Opportunity Act, and finally the Manpower Act of 1965, the U.S. Government has committed itself to a national manpower policy which recognizes that economic strength and progress are based as much on human improvement as on capital investment.

Dr. Gordon's study sought and has recorded the answers to some of the

problems encountered in countries that had already embarked on large-scale programs of human improvement.

The study developed from a realization that a good many problems of retraining had already been faced abroad. In 1963 a contract was negotiated with the Office of Manpower, Automation and Training under title I of the Manpower Development and Training Act which authorizes the Secretary of Labor to sponsor research which will seek solutions to the employment problems of American workers and to publish the findings of such research. Also supported by funds from the Institute of Industrial Relations of the University of California and the Ford Foundation, this study is an example of the kind of cooperative endeavor that can result in an impressive contribution to manpower research.

Retraining and Labor Market Adjustment in Western Europe not only adds to the growing body of information on training and retraining upon which public policy is built, but also contains insights which should be of value to those currently engaged in training programs for American workers.

Curtis C. Aller, Director
Office of Manpower, Automation and Training
Manpower Administration
U.S. Department of Labor

ACKNOWLEDGMENTS

THIS report has been prepared under contract with the Office of Manpower, Automation and Training, U.S. Department of Labor. The research on which it is based has also been generously supported by the Institute of Industrial Relations, University of California, Berkeley, through its regular research budget and through its Ford Foundation grant for research on Unemployment and the American Economy.

One of the most pleasant aspects of this study was the cooperation I received from the many government officials, as well as employer and labor representatives, whom I interviewed in Europe. It was a great advantage, also, to be working on a subject that was fairly closely related to the study my husband, Robert A. Gordon, professor of economics, University of California, Berkeley, was conducting on full employment policies in Western Europe. Our usual practice, when we arrived in a new capital, was to undertake a few initial interviews together until we both had gained enough background information on economic and labor market conditions, as well as on the broader aspects of employment policy in the country. After that, we would separate for interviews on the more specialized aspects of our respective projects and, in my case, for visits to training centers.

A complete list of all those whom I interviewed would be extremely lengthy. I owe a very special debt of gratitude, however, to individuals who arranged my schedule and made appointments for me in various countries, and I should like to express my great appreciation of their efforts.

During the 2 years since the study was initiated, I have had the assistance of a number of research assistants and translators, including Ruth Fabricant, Richard Morrison, and Reinard Pollman, research assistants (Pollman also translated Dutch materials) ; Anna-Lisa Skår and Ulla Printz-Påhlson, Swedish translators; and Aldo Chiancone and Bianca Tonini, Italian translators. Most of the quotations or summarizations from French and German publications which appear in the report are based on my own translations. I am indebted to Mary Procter and David Gordon for voluntary assistance in translating some appendix materials.

Margaret S. Gordon

Berkeley, Calif.
December 1964

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Retraining
and
Labor Market Adjustment
in
Western Europe

1

INTRODUCTION

WITH the enactment of the Manpower Development and Training Act of 1962, the United States embarked on a large-scale Government program for the retraining of unemployed and underemployed workers. Provisions for the retraining of the unemployed and underemployed were also included in the Area Redevelopment Act of 1961 and the Trade Expansion Act of 1962.

The need to stimulate the retraining of the unemployed had come to be widely recognized throughout the country, both by those who considered the uncomfortably high unemployment rates which had prevailed for some years to be attributable primarily to structural changes in the economy and by those who attributed the unemployment problem primarily to a deficiency of aggregate demand. Survey after survey of the unemployed had shown that most of those who were out of work, particularly the long-term unemployed, had a relatively low level of education and no specialized skills—

or in some cases skills that were non-transferable, rusty, or obsolescent. The “structuralists,” those who believe that unemployment is due to structural changes in the economy, quite naturally regarded retraining as the chief step required for solution of the unemployment problem. Those who felt that the solution lay chiefly in measures to stimulate aggregate demand nevertheless conceded that retraining was needed to encourage adaptation to the profound structural changes that were clearly taking place, even though they did not regard those changes as primarily responsible for

the upward drift of the unemployment rate.

At the same time, both groups recognized that the Government agencies responsible for administration of the retraining programs would face serious difficulties. The most rapid expansion of employment opportunities was occurring in professional, managerial, or technical occupations requiring a high level of education or a high degree of technical skill. Such occupations were largely completely out of reach of the unemployed with their low level of education. So, to a considerable extent, were the more ordinary white-collar jobs which were also increasing in relative importance. With employment drifting downward in many branches of manufacturing, particularly for production workers, sagging in the construction industry, and declining sharply in such industries as mining and railroad transportation, the outlook for employment in many blue-collar occupations was exceedingly poor. The chances were strong that a substantial proportion of the displaced blue-collar workers would achieve reemployment, if at all, in trade or service industries, where relatively little training was needed. Thus the problem of identifying those occupations for which unemployed workers might fruitfully be retrained was, if not insuperable, certainly anything but simple.

Other difficulties also presented themselves. As the retraining program got underway and increased in magnitude, would it become increasingly difficult to place retrained workers in the absence of a much more pronounced expansion in total employment than the Nation was experi-

encing in the early 1960's? To what extent should the retraining effort be directed primarily to those unemployed workers who would be best qualified for training programs and easiest to place when the training was over, and to what extent should it seek to include the harder-to-train, harder-to-place groups, such as older workers, handicapped workers, and persons with a particularly low level of education or aptitude for any type of skilled work? What problems would be involved in inducing unemployed workers to enter retraining programs, and was the monetary incentive provided by the training and subsistence allowances adequate? Conversely, would some unemployed workers agree to enter retraining programs simply in order to receive training allowances, without any real intention of making the necessary effort to benefit from the program? What special problems would a large-scale program for the training of unemployed teenagers face? Should provision be made for relocation allowances, as well as training allowances, to encourage the readaptation of the unemployed? What is the appropriate role of retraining in a well-rounded program of labor market adjustment?

A good many of these questions, as well as others, had been faced in the many Western European countries which had been operating retraining programs for the unemployed throughout the postwar period, and in some cases in the 1920's and 1930's as well. Undoubtedly, some lessons of value for the United States could be learned from study of the experience with such retraining programs in selected European countries. In fact, some study had been made of European policies

before our Manpower Development and Training Act program was framed. Secretary of Labor Arthur J. Goldberg and Seymour L. Wolfbein, director of the Office of Manpower, Automation and Training, U.S. Department of Labor, visited Europe in 1961 to look into retraining and other labor market adjustment policies. [Ed. Note: Arthur J. Goldberg is now U.S. Ambassador to the United Nations. Seymour L. Wolfbein is now special assistant to the Secretary for economic affairs, U.S. Department of Labor.] A good many additional contacts were made as the program got underway. However, it was felt a more systematic and intensive analysis of European experience with retraining, made over an extended period, would be useful, and for this reason I agreed to undertake the present study.

The questions with which my investigation was primarily concerned have been suggested previously.

The countries which were selected for special emphasis and in which I carried on extensive interviews are Belgium, France, West Germany, Italy, the Netherlands, Sweden, and the United Kingdom. These countries were chosen because they have had active retraining programs throughout the postwar period and because, being the more highly industrialized countries of Western Europe, they tend to have labor market problems resembling those of the United States. Switzerland, where I also carried on interviews, will be brought into the discussion in certain contexts, but the Swiss have not implemented their retraining legislation because they have had so little unemployment throughout the postwar period.

The most serious difficulty which I encountered in carrying out this study revolves around the contrast between the labor market situation in Western Europe and the United States in recent years. Unlike the United States, which experienced lagging economic growth and an upward drift in the unemployment rate from the end of the Korean conflict until very recently, most countries of Western Europe have experienced spectacularly rapid rates of growth and increasingly tight labor markets throughout the greater part of this period. Among the countries which I visited for intensive study between June 1963 and January 1964, only Italy could be said to have a significant unemployment problem, and even there the unemployment rate had dropped far below the levels of the early 1950's. Since few unemployed workers have needed to be retrained, the numbers enrolled in retraining programs have fallen to low levels in some Western European countries as compared with earlier postwar years. In other countries, intensive efforts have been made in recent years to expand the scope of government retraining programs and, in some cases, to extend eligibility to workers not involuntarily unemployed. But under the tight labor market conditions prevailing in most of these countries, shortages of many types of skilled workers were severe. Those who have completed adult training programs can usually be placed with relative ease.

In other words, because the labor market environment is so very different, the recent experience with retraining programs in Western Europe is not directly and obviously translatable into a neat set of lessons which

have immediate relevance to the American situation. For this reason, I have devoted a good deal of attention to the European experience in the late 1940's and early 1950's, when unemployment rates in some countries were considerably higher and the role which retraining was expected to play was in some respects more closely analogous to that of the present American Manpower Development and Training Act program. But I have also paid close attention to the more recent period because it is not without lessons of some value to the United States, although one must search a little harder to find them. For one thing, pockets of unemployment exist in almost every Western European country, in particular local labor markets or in entire regions. Much is to be learned from an examination of the manner in which retraining and other labor market adjustment policies have been applied in these situations. For another thing, structural changes in the occupational and industrial distribution of employment in Western Europe have been somewhat similar to those in the United States (though we are clearly farther along on the road to automation). Thus Western European countries are being impelled toward adaptations in both their vocational training and retraining programs which are relevant to the American scene. Finally, it is becoming increasingly clear that the speed of technological change is creating an environment in which retraining and other labor market adjustment policies are likely to be accepted as permanent needs in industrial countries, irrespective of the state of the labor market at

any particular time. It would appear that the United States must look forward to continuing concern with retraining programs even though it succeeds in reducing its unemployment rate substantially below recent levels. Many of the considerations entering into the framing of retraining policies in Western Europe today may be highly relevant to American problems in the future.

This study will be primarily concerned with government-sponsored retraining programs for the unemployed, and with the relationship of such programs to other labor market adjustment policies. It will not be concerned with retraining conducted by employers, unions, or under joint management-labor auspices, except insofar as such retraining is subsidized by public funds and is part of a public program aimed at combating or preventing unemployment. Though retraining under private auspices is important, a comparative study of such programs in a substantial number of countries would be an extensive undertaking in itself and would take us too far from our main focus, which is on *public policy* in relation to the retraining of the unemployed. For similar reasons, we shall not attempt to deal with adult vocational education in general, although it will be necessary to consider the relationship between retraining programs for the unemployed and more general adult education schemes at certain points.

One of the significant changes going on in Western Europe is that retraining programs which were originally developed for the unemployed are being opened up to other groups—persons who leave a job voluntarily in order

to enter a training program or who are temporarily released by their employers for this purpose, married women who would like to enter the labor market but are not unemployed in the sense of having experienced an involuntary separation from a job, and so on. In fact, in France, involuntary unemployment has not been a condition of eligibility for the Government retraining program since 1946. These changes are of great interest, in some countries are matters of controversy, and often give rise to much useful discussion of what the role of government toward retraining in a world of rapid technological changes ought to be. They are clearly of interest in relation to issues that may confront the United States in the future.

Hence we must modify our definition of the scope of our study. We shall be concerned with retraining programs which are designed at least in part for the unemployed but which may also include other groups. An important distinguishing characteristic of the programs we are considering is that they provide for income maintenance for the trainee during his period of training, in contrast with other, more traditional, adult education programs which do not provide for income maintenance (except, in some cases, in the form of scholarships). Income maintenance may take the form of a special training allowance, unemployment benefits, or, in the case of subsidized employer-sponsored training programs, wages.

What is meant by retraining? As used here, it may include: (a) Vocational training for adults who have never had any specialized skill or training, (b) retraining for persons who

possess a specialized skill obsolescent because of a change in the structure of labor demand or who made poor vocational choices initially in the light of their own personal sets of aptitudes, and, (c) refresher or further training programs for persons whose skills have become rusty or require adaptation to changes in technology. The term "retraining" is used as a catchall to cover all these cases because it conveys the impression of vocational training for those who have had some labor market experience as distinct from initial vocational training for young persons who are preparing to enter the market. However, where special programs have been designed for young persons who have attempted unsuccessfully to enter the labor market without appropriate skills or training, such programs will also be considered.

Nevertheless, an adequate understanding of retraining programs requires some knowledge of the basic vocational education system for youth in any given country. Indeed, as we shall discover, decisions with respect to the organization and scope of retraining programs are likely to be influenced by the character of the vocational education system. Furthermore, if it is becoming axiomatic that the need for adult retraining to cope with rapid technological change will be a continuing one, it is also widely recognized that the extent and character of these retraining needs will be related to the breadth and quality of the basic vocational education system, and, indeed, of education in general. In fact, it would be difficult to discover an industrial country which has not been subjecting its system of education, vocational and otherwise, to intensive

scrutiny in recent years in the light of these considerations. Thus, although this study is concerned primarily with retraining programs for the unemployed, we shall have occasion at various points to refer to the relationship between such programs and vocational training for youth.

It must be emphasized that this is not a "how-to-do-it" study. As an economist with a special interest in labor market problems, I shall be concerned with retraining as an instrument of labor market adjustment rather than with the technical details of curriculum content which are of greater interest to the specialist in vocational training. This does not mean, however, that I shall ignore those aspects of the organization, scope, and duration of courses which appear to

have a significant bearing on the success of the retraining program.

Finally, a major purpose of this study is to develop a clearer notion of the role of retraining in relation to other economic and labor market policies in Western European countries. How significantly, for example, did retraining contribute to the spectacular decline in unemployment in West Germany between 1950 and 1955 or to the downward trend in unemployment in Italy in the last decade? What is the role assigned to retraining, in relation to other measures, in the Belgian program for meeting the problem of displaced coal miners in the Borinage? It is, perhaps, in connection with this range of questions that an analysis of European experience is of greatest value in relation to American problems.

2

POSTWAR LABOR MARKET DEVELOPMENTS

AS WORLD WAR II drew to a close, and the countries of Western Europe began to consider the economic problems that would face them in the postwar period, memories of the disastrous unemployment of the 1930's were uppermost in the minds of statesmen and the general public. Everywhere it was taken for granted that sooner or later—perhaps after the most urgent postwar reconstruction needs had been met—nations would once more be faced with relatively serious unemployment problems, at least in cyclical recessions. At the same time, evidence of a determination to combat unemployment and of a conviction—profoundly influenced by Keynesian doctrines—that it was possible for nations to pursue national economic policies which would largely assure the maintenance of full employment, was widespread.

In fact, during the last few years of the war and the early postwar years, a number of countries adopted legislation committing their governments to the pursuit of full employment policies. The laws adopted by Britain and Sweden were somewhat similar to the U.S. Employment Act of 1946, but in France and the Netherlands the com-

mitment to full employment was associated with the adoption of planning policies, and in Italy, with the adoption of the Vanoni plan.¹

¹ For a useful summary of the legislation adopted during this period, see Seymour E. Harris, ed., *Economic Planning; The Plans of Fourteen Countries with Analysis of the Plans* (New York: A. A. Knopf, 1949).

UNEMPLOYMENT RATES

As it has turned out, most of the countries of Western Europe have largely escaped serious unemployment throughout the postwar period, and in recent years unemployment has fallen to unprecedentedly low levels in a number of countries. In fact, in recent years the tendency has been for the number of job vacancies to exceed the number of unemployed in most of the highly industrialized areas of Western Europe. In such circumstances, economists are inclined to regard the unemployment rate as operationally negative. This interpretation seems particularly appropriate when one considers that, at very low levels of unemployment, those who remain unemployed tend to consist to a substantial extent of the relatively unemployable.

Among the countries included in the present study, only Belgium, Italy, and West Germany experienced serious unemployment problems for any considerable length of time. Of the three, Italy's problem was the most severe, the most prolonged, and probably the most difficult to meet. Even so, Italy's unemployment rate has fallen steadily since 1956 and is now approaching the rates prevailing in a number of other Western European countries, although there remains a severe problem of poverty and underemployment in southern Italy. Unemployment was also serious in West Germany in the early fifties, but the subsequent success of the West German economy in absorbing not only the large numbers who were unemployed at the beginning of the decade—including a great many

expellees and refugees from Eastern Europe—but also the stream of refugees who poured in from East Germany throughout the 1950's has attracted widespread attention. Belgium's problem was less severe but nonetheless troublesome, for, as we shall see in the next section, it was associated with the relatively slow growth which characterized the Belgian economy until very recent years. Moreover, the national average unemployment data fail to convey the severity of the problem in Flanders, where the unemployment was largely concentrated.

That unemployment statistics are not strictly comparable from country to country is well known, but the unemployment rates presented in table 1, based on data published by the Organisation for Economic Co-operation and Development (OECD), are more nearly comparable than the rates one might assemble on the basis of the officially published unemployment statistics of individual countries. This is partly because, in the computation of the rates published by the OECD, estimated unemployment in each country has been divided by the civilian labor force (the practice followed in the United States), whereas in a number of these countries the denominator used in computing the official unemployment rate is likely to be the total number of wage and salary workers or the total number of persons covered by the unemployment insurance system. The effect of using the civilian labor force as the base for the computation, rather than, say, the total number of wage and salary workers, is usually to lower the unemployment rate, since unemployment tends to be relatively

TABLE 1.—PERCENT OF UNEMPLOYED IN THE CIVILIAN LABOR FORCE, SELECTED COUNTRIES, 1950-62

| Year | Belgium | France | Germany (Federal Republic) | Italy | The Nether- lands | Sweden | United King- dom | United States |
|-----------|---------|--------|----------------------------------|-------|-------------------------|------------------|------------------------|------------------|
| 1950..... | 4.9 | ..... | 7.2 | ..... | 2.0 | 2.2 | 1.2 | 5.2 |
| 1951..... | 4.3 | ..... | 6.4 | ..... | 2.4 | 1.8 | .9 | 3.2 |
| 1952..... | 5.0 | ..... | 6.1 | ..... | 3.5 | 2.3 | 1.4 | 2.9 |
| 1953..... | 5.3 | ..... | 5.5 | ..... | 2.5 | 2.8 | 1.3 | 2.8 |
| 1954..... | 5.0 | 1.6 | 5.2 | 8.7 | 1.8 | 2.6 | 1.0 | 5.3 |
| 1955..... | 3.8 | 1.4 | 3.9 | 7.5 | 1.3 | 2.5 | .8 | 4.2 |
| 1956..... | 2.8 | 1.1 | 3.1 | 9.3 | .9 | ¹ 1.7 | .9 | 4.0 |
| 1957..... | 2.3 | .8 | 2.7 | 7.4 | 1.2 | 1.9 | 1.1 | 4.2 |
| 1958..... | 3.3 | .9 | 2.7 | 6.4 | 2.3 | 2.5 | 1.7 | 6.6 |
| 1959..... | 3.9 | 1.3 | 1.9 | 5.4 | 1.8 | 2.0 | 1.7 | 5.3 |
| 1960..... | 3.3 | 1.2 | .9 | 4.0 | 1.1 | ¹ 1.8 | 1.3 | 5.4 |
| 1961..... | 2.6 | 1.1 | .6 | 3.4 | .8 | 1.7 | 1.1 | 6.5 |
| 1962..... | 2.0 | 1.2 | .5 | 2.9 | ..... | 1.5 | 1.6 | 5.4 |

¹ Minor changes were made in the method of compiling the statistics.

NOTE: Although the OECD has sought to bring about uniformity in methods of reporting data on unemployment and the civilian labor force, the definition of unemployment and the methods of estimating the civilian labor force vary considerably from country to country. The text discusses these differences.

[Ed. Note: Figures for the United States vary slightly from those published by the U.S. Department of Labor. For Department of

Labor figures, see *Manpower Report of the President*, transmitted to the Congress March 1965 (Washington, D.C.: U.S. Government Printing Office, 1965).]

SOURCE: Organisation for Economic Co-operation and Development, *Manpower Statistics, 1950-1962* (Paris: 1963), except for Swedish data for 1950 to 1959, which are from International Labour Office, *International Labour Review*, Statistical Supplement, Vol. LXX, November 1954, p. 98, and *Yearbook of Labour Statistics*, 1962, table 10 (Geneva: 1962).

infrequent among the self-employed.

However, significant differences in unemployment statistics remain, chiefly with respect to the method of estimating total unemployment—the numerator in the computation. In most countries of Western Europe unemployment estimates were, as the report of the President's Committee to Appraise Employment and Unemployment Statistics pointed out, "initially based upon registrations at employment exchanges, or upon unemploy-

ment compensation or unemployment relief records." ²

² President's Committee to Appraise Employment and Unemployment Statistics, *Measuring Employment and Unemployment* (Washington, D.C.: U.S. Government Printing Office, 1962), p. 221. A special report on comparative levels of unemployment in industrial countries, prepared for the committee by Robert J. Myers and John H. Chandler of the U.S. Department of Labor, Bureau of Labor Statistics, was published as appendix A of the committee's report, and its chief conclusions were summarized in chapter X.

But a number of the countries whose statistics were analyzed in the comparative study prepared for the President's committee have in recent years added the household survey technique to their systems of gathering unemployment statistics. Whether or not the results of household surveys have been adopted as the source of officially reported unemployment rates, the data collected in these surveys have greatly facilitated the task of developing unemployment estimates as closely comparable as possible to the official unemployment estimates for the United States, which are based on the household survey technique. When the official statistics of seven countries were adjusted to conform as closely as possible to those of the United States (no adjustment was needed in the case of Canada), the average unemployment rate for 1960 was lowered in two instances (Germany and Italy) and raised in four others (France, Great Britain, Japan, and Sweden), as table 2 indicates. However, the change was marked only in the case of Italy. After the adjustments were made, the unemployment rate in the United States was found to be substantially higher than the unemployment rates in Western Europe and Japan, although lower than in Canada.

One point worthy of comment has to do with the drop in the average annual unemployment rate for West Germany since 1959 (table 1). West German officials indicated that the decline during these years—to the extremely low level of 0.5 percent for 1962—was in considerable part explained by the adoption of the *Schlechtwettergeld* (bad weather money) system, under which construc-

TABLE 2.—RATE OF UNEMPLOYMENT, AS PUBLISHED AND AFTER ADJUSTMENT TO U.S. DEFINITIONS, SELECTED COUNTRIES, 1960

| Country | Unadjusted ¹ | Adjusted |
|------------------------------|-------------------------|----------|
| United States . . . | 5.6 | 5.6 |
| Canada | 7.0 | 7.0 |
| France | 1.1 | 1.9 |
| Germany (Federal Republic) . | 1.2 | 1.0 |
| Great Britain . . . | 1.6 | 2.4 |
| Italy | 7.9 | 4.3 |
| Japan | 1.0 | 1.1 |
| Sweden (1961) . . | 1.2 | 1.5 |

¹ The 1960 official unadjusted rates for some countries differ somewhat from those in table 1. This is explained partly by adjustments made by the OECD and partly by revisions made in the official statistics since the data for this table were gathered.

SOURCE: President's Committee to Appraise Employment and Unemployment Statistics, *Measuring Employment and Unemployment* (Washington, D.C.: U.S. Government Printing Office, 1962), p. 220.

tion workers who are prevented from working because of bad weather receive compensation (at a rate slightly higher than unemployment insurance benefits) even though their employers have not laid them off.³ The system is financed through the regular unemployment insurance contributions. Before its adoption, large numbers of construction workers were unemployed during the winter and, I was told, in many cases migrated back from the

³ See Federal Institution for Labor Placement and Unemployment Insurance, *Ein Jahrzehnt Bundesanstalt für Arbeitsvermittlung und Arbeitslosenversicherung, 1952–1962* (Nuremberg: no date), pp. 56–57, for a description of the system.

cities to their native villages, where they lived on the unemployment insurance benefits which they received. Under the *Schlechtwettergeld* system, however, construction employers tend to refrain from laying off their employees during the winter, since the employees need not be involuntarily separated in order to receive compensation and the employer has an interest in holding his work force intact during the winter season. This has the effect of substantially reducing the unemployment rate in the winter, as well as the average annual unemployment rate, although it has little or no effect on the extremely low unemployment rates which have prevailed in recent years in West Germany during the months of good weather.

A number of other countries in Western Europe have somewhat similar systems, but I have not been able to determine just what the effect on their unemployment statistics is.

Any attempt to undertake a complete analysis of the reasons for the very low unemployment rates that have prevailed in Western Europe in recent years (and in some countries throughout the postwar period) would be well beyond the scope of the present report. There would be general agreement among economists, however, that high rates of economic growth—to be discussed in the next section—have played a major role in reducing unemployment to very low levels.

ECONOMIC GROWTH

The extraordinarily high rates of economic growth achieved in a num-

ber of countries of Western Europe since 1950 can best be appreciated if viewed in historical perspective (table 3). As Angus Maddison has put it, in his study of comparative economic growth:

In continental Europe the decade of the 1950's was brilliant, with growth of output and consumption, productivity, investment and employment surpassing any recorded historical experience, and the rhythm of development virtually uninterrupted by recession. . . . In North America and the United Kingdom, the 1950's were no worse or better than many periods in the past, but in view of the continental experience, it seemed like stagnation.⁴

Moreover, it now seems apparent that the performance of the continental European economies in at least the first half of the 1960's is likely to be no less impressive than it was in the 1950's. To be sure, West Germany's spectacular average annual growth rate of 9 percent in the first half of the 1950's, which was associated with the recovery of the West German economy from the disorganization of the early postwar period, is not likely to be repeated. But for the most part the growth rates of the continental economies in the early 1960's have compared favorably with those of both halves of the 1950's. This would be even more apparent if statistics for 1963, which was a year of rapid growth in most Western European countries, were available.

⁴ Angus Maddison, *Economic Growth in the West* (New York: Twentieth Century Fund, 1964), p. 25.

TABLE 3.—AVERAGE ANNUAL RATES OF GROWTH OF GROSS NATIONAL PRODUCT AT CONSTANT PRICES, SELECTED COUNTRIES, 1870-1962

| Country | 1870-1913 | 1913-50 | 1950-55 | 1955-60 | 1961 | 1962 |
|---------------------------------|------------------|---------|---------|---------|------|------------------|
| Belgium..... | 2.7 | 1.0 | 3.3 | 2.4 | 4 | 4 |
| France..... | 1.6 | .7 | 4.4 | 4.2 | 4 | 5 |
| Germany (Federal Republic)..... | ¹ 2.9 | 1.2 | 9.0 | 6.1 | 5 | 4 |
| Italy..... | 1.4 | 1.3 | 6.0 | 5.9 | 8 | 6 |
| The Netherlands..... | ² 2.2 | 2.1 | 5.6 | 4.2 | 3 | 3 |
| Sweden..... | 3.0 | 2.2 | 3.1 | 3.3 | 6 | 3 |
| United Kingdom..... | 2.2 | 1.7 | 2.4 | 2.4 | 3 | ³ 4.7 |
| United States..... | ¹ 4.3 | 2.9 | 4.3 | 2.3 | 2 | 6 |

¹ 1871-1913.² 1900-13.³ Estimated.

SOURCE: 1870-1950, Angus Maddison, *Economic Growth in the West* (New York: Twentieth Century Fund, 1964), p. 28;

1950-60, Statistical Office of the European Communities, *Basic Statistics for Fifteen European Countries* (Brussels: 1961), p. 30; and 1961 and 1962, United Nations, *World Economic Survey, 1962* (New York: 1963), p. 13.

It is becoming increasingly clear, moreover, that the growth rate in Belgium, which was the laggard among what are now the Common Market countries in the 1950's, will be significantly higher in the first half of the 1960's than in either half of the fifties.⁵ We shall have more to say about the reasons for the recent upsurge in Belgium's growth rate in later chapters, but the chief factors appear to be the adoption by the Belgian Government of more vigorous measures to stimulate investment, the impact of tariff reductions within the Common Market on decisions of foreign firms to establish branch plants in Belgium, and an upsurge in exports.

⁵ For an analysis of Belgium's slow rate of growth in the 1950's, see A. Lamfalussy, *Investment and Growth in Mature Economies: The Case of Belgium* (London: Macmillan, and New York: St. Martin's Press, 1961).

Several recent studies shed a good deal of light on the reasons for the impressive performance of the continental European countries. In his interesting comparative study of growth rates in the Common Market and the United Kingdom, Lamfalussy shows that there has been a close correlation between growth rates and increases in the volume of exports of these countries.⁶ And, since foreign trade generally plays a relatively much larger role in the economies of these countries than in that of the United States, a boom in exports would inevitably have a relatively greater impact on the stimulus to investment and growth than would be the case in this country. In fact, Lamfalussy characterizes the years from 1953 to 1961 as a

⁶ A. Lamfalussy, *The United Kingdom and the Six* (Homewood, Ill.: Richard D. Irwin, 1963), especially chapter V.

period of export-oriented growth for the European Economic Community (EEC) countries, whereas the lagging performance of the British economy, he maintains, was closely associated with the slower rate of expansion of exports from the United Kingdom and this, in turn, was associated with the unfavorable trend in unit labor costs in Great Britain in comparison with the Common Market countries.

Maddison places major emphasis on the maintenance of a high and steadily expanding level of aggregate demand in Western European countries, which has made entrepreneurs much more optimistic about profit and market expectations and has encouraged them to maintain a high rate of investment.⁷ He then goes on to stress the role of government policy in sustaining a high level of demand:

A major reason for the postwar acceleration of economic growth in Europe was the action of governments in sustaining high and steady levels of demand and investment. Government policy helped to offset the recessionary or inflationary tendencies of the private sector, instead of exaggerating them as was often the case in prewar years.⁸ [Ed. Note: See chart 1.]

Maddison attributes the poorer performance of the U.S. economy to the fact that "policy allowed demand to lag and that resources were wasted in unemployment."⁹ The British case he

regards as more complicated. There the trouble was "not so much an inadequate level of demand," but constant interruptions in its momentum, and a low level of investment.¹⁰ Recognizing that a major difficulty faced by the British Government was that it had to carry the responsibility of a reserve currency with inadequate reserves, he nevertheless criticizes British policy as it affected foreign payments for tackling rising prices simply by checking demand.¹¹

Like Lamfalussy, Maddison also devotes considerable attention to the role of foreign trade. As he puts it:

. . . the domestic growth policies of individual countries have had a strong external effect. Buoyant demand at home has meant buoyant export markets for other countries.¹²

The late Jack Downie, former chief economist of OECD, suggested that there is a certain plausibility in "the thesis that the relatively rapid growth of Europe is simply a correction of past disequilibria."¹³ But, like Maddison, he also argued that "The major reason why most of them [the European countries] have done better than the United States is that Europeans have been more determined that governmental capacities should be used."¹⁴

¹⁰ Loc. cit.

¹¹ For a much more severe criticism of British policy in this respect, see Norman Macrae, *Sunshades in October* (London: Allen and Unwin, 1963).

¹² Maddison, op. cit., p. 158.

¹³ See his paper in Arthur M. Ross, ed., *Unemployment and the American Economy* (New York: Wiley, 1964), p. 158.

¹⁴ Ibid., pp. 160-161.

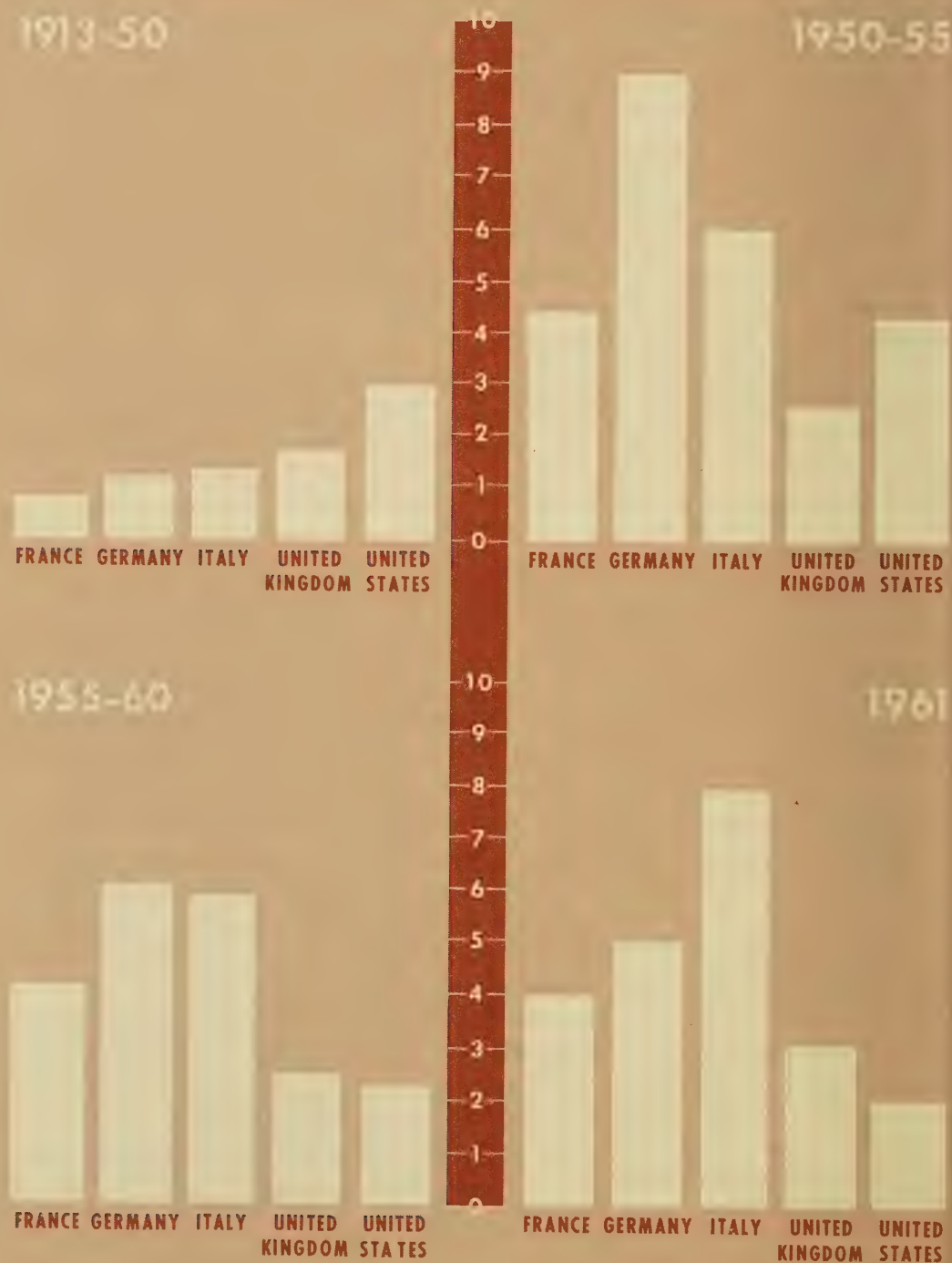
⁷ Maddison, op. cit., especially the introduction and chapter II.

⁸ Ibid., p. 99.

⁹ Ibid., p. 101.

GROWTH IN GROSS NATIONAL PRODUCT IN CONTINENTAL EUROPE SPECTACULAR IN FIFTIES AND EARLY SIXTIES

AVERAGE ANNUAL RATES OF GROWTH



SOURCE: U.S. DEPARTMENT OF LABOR, OFFICE OF MANPOWER, AUTOMATION AND TRAINING, BASED ON DATA SUPPLIED BY THE TWENTIETH CENTURY FUND; STATISTICAL OFFICE OF THE EUROPEAN COMMUNITIES, BRUSSELS; AND THE UNITED NATIONS.

The notion that the continental European countries may have been experiencing a process of “catching up” with the United States and the United Kingdom, although occasionally discredited, is still regarded as plausible by a number of economists. In this view, the latter part of the 1960’s might well pose a more severe test of the ability of European countries to maintain full employment than they have faced thus far. Such factors as a leveling off in the demand for automobiles and other consumer durable goods might slow up the expansion of demand, while an acceleration of technological change could result in a more serious problem of labor displacement. This type of speculation clearly involves complex issues which cannot be elaborated here. At present (fall of 1964), it would appear that shortages of labor and difficulty in curbing inflationary trends are the main fac-

tors that might cause economic growth to be retarded.

LABOR FORCE GROWTH

Basic to an understanding of differences in the labor market situation in the various countries of Western Europe is some consideration of variations in rates of growth of the labor force, which have been great (table 4). And, although the differences are explained to a considerable extent by differences in the rate of natural increase of the adult population—reflecting, in particular, differences in changes in birth rates in previous decades—this is by no means the whole story. (See chart 2.) Variations in rates of labor force participation, particularly an increase in labor force

TABLE 4.—NUMBER OF PERSONS 15 TO 64 YEARS OLD IN THE TOTAL LABOR FORCE, BY SEX, SELECTED COUNTRIES, SELECTED YEARS, 1950-62

| Country and sex | Number (in thousands) | | | | Percent change | | |
|--------------------------|-----------------------|---------|---------|---------|----------------|---------|---------|
| | 1950 | 1955 | 1960 | 1962 | 1950-55 | 1955-60 | 1960-62 |
| Belgium: | | | | | | | |
| Total..... | 3, 545 | 3, 629 | 3, 616 | 3, 679 | +2. 4 | —0. 4 | +1. 7 |
| Men..... | 2, 555 | 2, 583 | 2, 527 | 2, 549 | +1. 1 | —2. 2 | + . 9 |
| Women..... | 990 | 1, 046 | 1, 089 | 1, 130 | +5. 7 | +4. 1 | +3. 8 |
| France: | | | | | | | |
| Total..... | | 19, 501 | 19, 528 | 19, 860 | ..... | + . 1 | +1. 7 |
| Men ¹ | | 12, 849 | 12, 990 | 13, 329 | ..... | +1. 1 | +2. 6 |
| Women ¹ | | 6, 652 | 6, 538 | 6, 531 | ..... | —1. 7 | — . 1 |

See footnotes at end of table.

TABLE 4.—NUMBER OF PERSONS 15 TO 64 YEARS OLD IN THE TOTAL LABOR FORCE, BY SEX, SELECTED COUNTRIES, SELECTED YEARS, 1950-62—Continued

| Country and sex | Number (in thousands) | | | | Percent change | | |
|-----------------------------|-----------------------|---------|---------|---------|----------------|---------|---------|
| | 1950 | 1955 | 1960 | 1962 | 1950-55 | 1955-60 | 1960-62 |
| Germany (Federal Republic): | | | | | | | |
| Total..... | 21, 950 | 24, 165 | 25, 570 | 26, 185 | +10. 1 | +5. 8 | +2. 4 |
| Men..... | 14, 235 | 15, 435 | 16, 140 | 16, 650 | +8. 4 | +4. 6 | +3. 2 |
| Women..... | 7, 715 | 8, 730 | 9, 430 | 9, 535 | +13. 2 | +8. 0 | +1. 1 |
| Italy: | | | | | | | |
| Total..... | | 19, 734 | 20, 722 | 20, 744 | | +5. 0 | + . 1 |
| Men..... | | 14, 782 | 15, 120 | 14, 976 | | +2. 3 | -1. 0 |
| Women..... | | 4, 952 | 5, 602 | 5, 768 | | +13. 1 | +3. 0 |
| The Netherlands: | | | | | | | |
| Total..... | 3, 915 | 4, 178 | 4, 396 | | +6. 7 | +5. 2 | |
| Men..... | | 3, 196 | | | | | |
| Women..... | | 982 | | | | | |
| Sweden: | | | | | | | |
| Total..... | | | 3, 586 | 3, 770 | | | +5. 1 |
| Men..... | | | 2, 332 | 2, 396 | | | +2. 7 |
| Women..... | | | 1, 254 | 1, 374 | | | +9. 6 |
| United Kingdom: | | | | | | | |
| Total..... | 23, 526 | 24, 486 | 25, 010 | 25, 486 | +4. 1 | +2. 1 | +1. 9 |
| Men..... | 16, 069 | 16, 473 | 16, 631 | 16, 861 | +2. 5 | +1. 0 | +1. 4 |
| Women..... | 7, 457 | 8, 013 | 8, 379 | 8, 625 | +7. 5 | +4. 6 | +2. 9 |
| United States: ² | | | | | | | |
| Total..... | 64, 749 | 68, 896 | 73, 126 | 74, 681 | +6. 4 | +6. 1 | +2. 1 |
| Men..... | 46, 069 | 48, 054 | 49, 507 | 50, 175 | +4. 3 | +3. 0 | +1. 3 |
| Women..... | 18, 680 | 20, 842 | 23, 619 | 24, 507 | +11. 6 | +13. 3 | +3. 8 |

¹ Based on estimates by the OECD Secretariat.

² These figures are those the U.S. Department of Labor publishes for total labor force, 14 years old and over. [Ed. Note: See *Manpower Report of the President*, transmitted to

Congress March 1965 (Washington, D.C.: U.S. Government Printing Office, 1965).]

SOURCE: Organisation for Economic Co-operation and Development, *Manpower Statistics, 1950-1962* (Paris: 1963).

participation rates of women, in most countries included in this study, have played a significant role (table 5 and appendix table A-1). And in some countries, notably West Germany, the growth of the labor force has been influenced to an important degree by net immigration. In Germany, the arrival of large numbers of expellees and refugees from Eastern Europe in the early postwar period was followed by a heavy influx of refugees from East Germany throughout the 1950's. After the erection of the Berlin wall and the virtual closing off of exodus from East Germany, the immigration of foreign workers from southern Europe has shown a large increase.

Immigration has also been a significant factor in changes in the labor force in a number of other countries—not only where the labor force has been increasing substantially, but also in such countries as France and Belgium, where net immigration has prevented or stemmed a decline.

In my opinion, it is a mistake to treat the growth of the labor force as an exogenous factor in economic analysis, as many economists tend to do. It is true that, where changes in the labor force reflect primarily changes in the birth rate in previous decades, this attitude is somewhat more justifiable than in situations where changes in labor force participation rates or in-

TABLE 5.—PERCENT OF THE POPULATION 15 TO 64 YEARS OLD IN THE LABOR FORCE, BY SEX, SELECTED COUNTRIES, SELECTED YEARS, 1950-62

| Year and sex | Belgium | France | Germany (Federal Republic) | Italy | The Netherlands | Sweden | United Kingdom | United States ¹ |
|--------------|---------|--------|----------------------------|-------|-----------------|--------|-------------------|----------------------------|
| MEN | | | | | | | | |
| 1950..... | 87.7 | | | | | | ² 98.4 | 94.1 |
| 1955..... | 87.8 | 94.2 | | 94.0 | 97.5 | | 99.9 | 95.1 |
| 1960..... | 86.3 | 92.4 | ² 95.8 | 93.2 | | 94.5 | 99.0 | 92.9 |
| 1962..... | | 91.8 | | | | 95.2 | 97.7 | 91.5 |
| WOMEN | | | | | | | | |
| 1950..... | 33.4 | | | | | | ² 42.9 | 37.6 |
| 1955..... | 35.1 | 47.0 | | 30.0 | 29.3 | | 46.4 | 40.4 |
| 1960..... | 36.6 | 45.8 | ² 49.1 | 33.3 | | 51.0 | 48.2 | 43.2 |
| 1962..... | | 44.7 | | | | 55.0 | 49.0 | 43.5 |

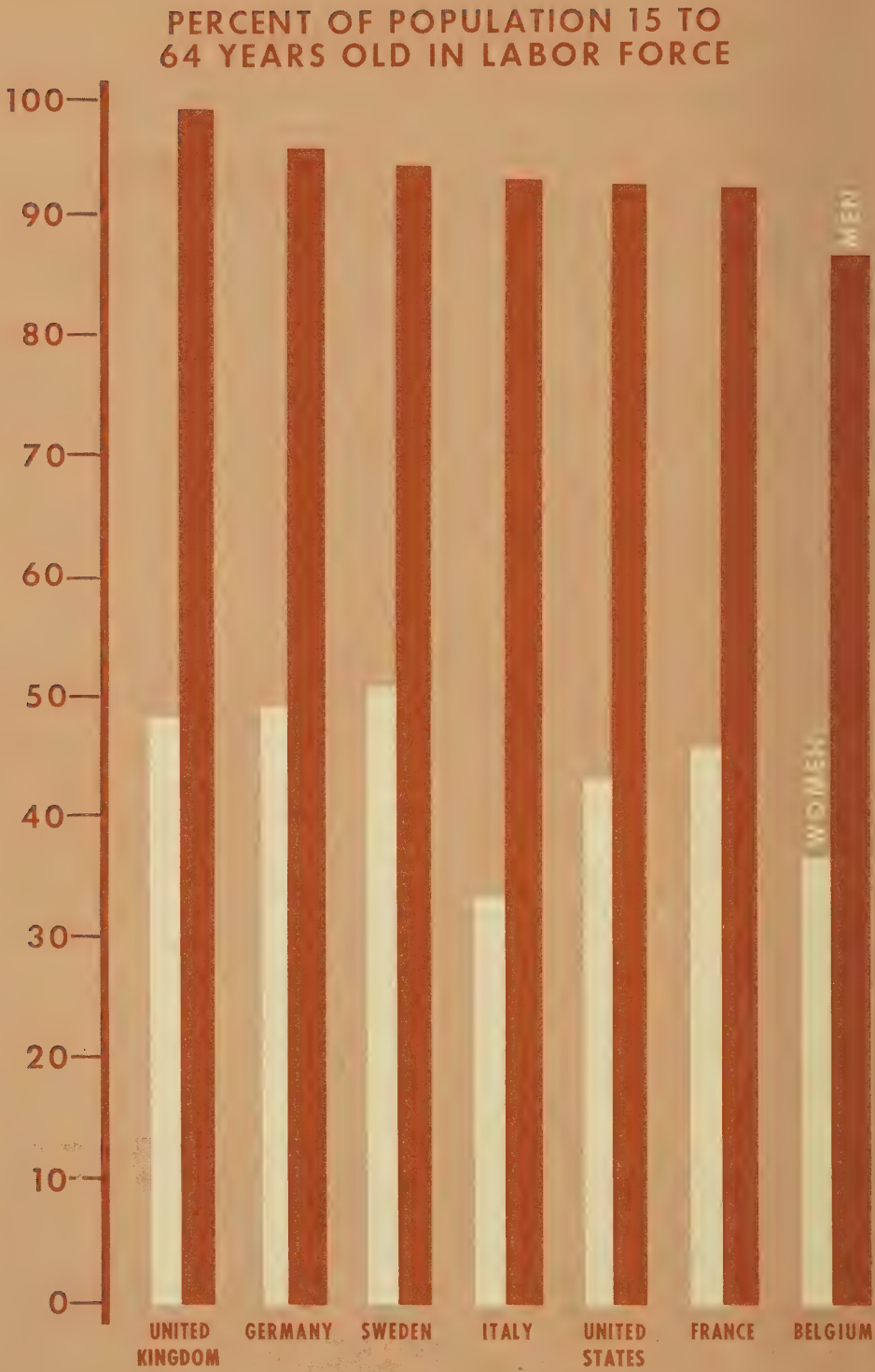
¹ Labor force participation rates for the United States published by the U.S. Department of Labor are computed on the basis of the total labor force 14 years old and over. [Ed. Note: See *Manpower Report of the President*, transmitted to Congress March

1965 (Washington, D.C.: U.S. Government Printing Office, 1965).]

² Based on estimates by the OECD Secretariat.

SOURCE: Organisation for Economic Co-operation and Development, *Manpower Statistics, 1960-1962* (Paris: 1963).

LABOR FORCE PARTICIPATION RATES,
MEN AND WOMEN, 1960



SOURCE: U.S. DEPARTMENT OF LABOR, OFFICE OF MANPOWER, AUTOMATION AND TRAINING,
FROM DATA SUPPLIED BY THE ORGANISATION FOR ECONOMIC CO-OPERATION AND DEVELOPMENT.

migration are playing a major role. But the evidence is considerable that changes in labor force participation rates are influenced by changes in the state of the labor market.¹⁵ And the volume of net immigration into the various Western European countries tends to fluctuate with the degree of looseness or tightness of the labor market. This is scarcely surprising in view of the common practice throughout Western Europe of issuing work permits to permit entry of foreign workers only when there is either a general shortage of labor or a shortage of particular types of workers in particular industries. A major exception must be made, of course, for such largely political movements as the heavy flow of expellees and refugees into West Germany, the movement to France of the repatriates from Algeria after the end of the Algerian war, and the flow of repatriates from the Dutch East Indies to the Netherlands during a number of years in the late 1940's and the 1950's. Even so, it can be argued that, to a con-

siderable extent, the capacities of these economies to absorb the repatriates and refugees were greatly facilitated by high rates of growth.

Thus, although there appears to have been some rough tendency for high rates of economic growth and rapid increases in the labor force to have been positively related in the 1950's (tables 3 and 4), it would be a great mistake to jump to the conclusion that a simple one-way causal relationship was involved. The addition of large numbers of expellees and refugees to West Germany's labor force was undoubtedly an important factor in economic growth. But it is equally apparent that, without underlying economic circumstances that favored rapid recovery and growth and vigorous Government action to resettle and reemploy the expellees and refugees, these additions to the German labor force would not have been absorbed as readily.

Just as there is no simple relationship between rates of increase in the labor force and rates of economic expansion, so, also, there seems to be no simple or systematic relationship between the degrees of tightness in the labor market in Western European countries today and the rates of increase in their labor forces in the recent past. The labor market is very tight in both France and West Germany, for example, despite the marked differences in their rates of labor force change.

Nevertheless, differences in the sources from which countries are drawing their increased labor supplies do have an important influence on relative degrees of emphasis on various types of training and other labor mar-

¹⁵ See Alfred A. Tella, unpublished paper, Board of Governors, Federal Reserve System. See, also, Stuart H. Altman, *Factors Affecting the Unemployment of Married Women*, unpublished paper based on doctoral thesis, Board of Governors, Federal Reserve System. William G. Bowen of Princeton is undertaking extensive cross-sectional analysis, in which he is finding significant inverse relationships between labor force participation rates for various age and sex groups and unemployment rates by metropolitan area, as I once did for men 65 years old and older. See my "Work and Patterns of Retirement," Robert H. Kleemeier, ed., *Aging and Leisure: A Research Perspective into the Meaningful Use of Time* (New York: Oxford University Press, 1961), pp. 23-24.

ket adjustment policies. The absence of Government-sponsored retraining programs in Switzerland, for example, appears to be related to the extent to which Switzerland has relied on the immigration of foreign workers to meet labor shortages. Foreign workers, chiefly from Italy, now make up about a quarter of the Swiss labor force. However, the absence of public retraining programs is also related to the strong traditions of employer responsibility for training in Switzerland. On the other hand, there is evidence of some degree of reluctance to permit heavy immigration of foreign workers into Sweden, and this attitude may help to explain the very strong emphasis on retraining and relocation policies in Sweden in recent years.¹⁶ It should be added, however, that movement among the Scandinavian countries is completely unrestricted and that there has been substantial immigration to Sweden from other Scandinavian countries, particularly from Finland.

STRUCTURAL CHANGES IN EMPLOYMENT

We have heard a great deal about structural changes in the economy and structural unemployment in the United States in recent years, but what is perhaps not generally realized is that a great deal of structural change has also been going on in Western Europe. And, wherever structural changes in employment are important, the need for some degree of retraining of adults

is likely to exist, whether or not the structural changes are associated with unemployment.

Unfortunately, the almost complete absence of statistics on employment by occupation for Western European countries, except in a few cases for very recent years, severely hampers our ability to analyze structural changes. However, one can make some informed guesses about occupational changes from a study of the data on industrial changes and from certain other sources of information.

In many respects, the structural changes that have been occurring in Western Europe are similar to those in the United States (table 6 and appendix table A-2). All the countries for which we have assembled data have experienced pronounced declines in agricultural employment, and in some cases the percent decreases have been even larger than in the United States. Mining, too, is a sector that has had marked decreases in employment, particularly in the 1955-62 period (actually, much of the decline in mining employment in Western Europe has occurred since 1958, but our choice of dates for table 6 obscures this). On the whole, the tendency toward rapid expansion of employment in commerce and in the services has also prevailed in most of these countries. On the other hand, whereas the United States experienced a slight decline in manufacturing employment from 1955 to 1962 (in fact, the postwar peak in factory employment in this country was reached in 1953), manufacturing employment in Western Europe continued to show substantial increases during this period. In the construction industry, rates of increase in employment

¹⁶ For further discussion of this point, see chapter 4.

TABLE 6.—PERCENT CHANGES IN CIVILIAN EMPLOYMENT BY BRANCH OF ACTIVITY, SELECTED COUNTRIES, 1950-55 AND 1955-62

| Period and country | Total | Agriculture, forestry, hunting, and fishing | Mining and quarrying | Manufacturing | Construction | Electricity, gas, water, and sanitary services | Commerce | Transport, storage, and communication | Services |
|-------------------------------|-------|---|----------------------|------------------|--------------|--|----------|---------------------------------------|------------------|
| 1950-55: | | | | | | | | | |
| Belgium..... | +1.3 | -15.8 | -8.7 | +2.5 | +10.8 | +3.6 | +0.4 | -5.2 | +11.1 |
| Germany (Federal Republic)... | +14.0 | -14.6 | | +24.7 | | | | +21.5 | |
| The Netherlands..... | +7.0 | -8.3 | +17.3 | +6.8 | +14.4 | +5.9 | +9.7 | +6.9 | +12.1 |
| United Kingdom..... | +4.2 | -8.6 | +1.2 | +8.0 | +3.7 | +6.7 | +9.2 | -3.9 | +9 |
| United States..... | +8.0 | -11.4 | -13.1 | +10.7 | +18.3 | +8.1 | +11.8 | +2.4 | +13.0 |
| 1955-62: | | | | | | | | | |
| Belgium..... | +4.4 | -22.6 | -37.5 | +6.4 | +11.9 | +3.4 | +12.7 | +1.7 | +15.1 |
| France..... | +1.1 | -22.3 | -14.8 | +6.8 | +16.8 | +17.1 | +17.4 | +9.5 | +8.9 |
| Germany (Federal Republic)... | +10.6 | -19.1 | | +15.5 | | | | +20.0 | |
| Italy..... | +10.4 | -19.2 | | +35.9 | | | | +20.3 | |
| The Netherlands..... | +7.5 | -13.1 | -8.2 | +8.0 | +10.3 | ..... | +14.1 | +8.6 | +13.3 |
| United Kingdom..... | +4.9 | -14.0 | -17.3 | (¹) | +11.4 | +2.6 | +20.1 | -1.4 | (¹) |
| United States..... | +6.1 | -18.9 | -18.5 | -8 | +5.1 | +4.0 | +12.8 | -7.3 | +23.0 |

¹ Because of changes in classification, data for 1962 are not comparable with data for 1955.

SOURCE: Organisation for Economic Co-operation and Development, *Manpower Statistics, 1950-1962* (Paris: 1963).

were considerably more pronounced in Western Europe than in the United States in the 1955–62 period, whereas this country experienced a particularly pronounced increase in the 1950–55 period. Here again, the choice of terminal dates yields a somewhat misleading picture, since the increase in construction employment in the United States leveled off after 1956 and declined after 1960. In transport, storage, and communication, also, the significant drop in U.S. employment in the more recent period contrasted with experience in France and the Netherlands, although there was also a slight decline in employment in this industry group in the United Kingdom and only a modest rise in Belgium.

Labor market reports and job vacancy data make it clear that one of the most pronounced contrasts between the labor situation in the United States and Western Europe in recent years has been the persistence of pronounced shortages of skilled building trades and metal trades workers in Western Europe and the absence of such shortages in the United States. These differences reflect the much sharper increase in construction employment in Europe and the continued increase in manufacturing employment, which, if broken down, would reveal a relatively pronounced increase in employment in metal and metal products industries.

Despite the lack of data shedding light on occupational changes in Western Europe in recent years, one is undoubtedly quite safe in inferring that the lagging demand for semiskilled blue-collar workers, which was a conspicuous feature of labor market trends in this country from the midfifties

through the early sixties, has no parallel in Western Europe.¹⁷ There is little question, also, that automation in the factory, which appears to have proceeded considerably farther in this country than in Western Europe, helps to account for this difference—although it is by no means the sole reason. Our lagging growth undoubtedly represents part of the explanation.

One must rely on somewhat impressionistic evidence in attempting to assess the relative progress of automation in the United States and Western Europe. However, it would appear that examples of what we define as automation in the factory are considerably less frequent in Western Europe than in the United States, although here and there automated production methods are being used. There has also been some degree of penetration of computer systems in office work, but, again, considerably less than in this country. The term “automation” seems, on the whole, to be used more loosely in Europe than in the United States. Europeans sometimes refer to the impact of automation when what they really mean is that a good many firms have been rationalizing methods of production and making more extensive use of mass production techniques. Even so, these developments do result in certain instances in the displacement of factory workers, and we shall have a good deal to say in later chapters about gov-

¹⁷ The postwar peak for the U.S. semi-skilled or operatives group reached a postwar peak in 1956. [Ed. Note: This was topped in 1964. See appendix table A-10, *Manpower Report of the President*, transmitted to the Congress March 1965 (Washington, D.C.: U.S. Government Printing Office, 1965).]

ernment policies aimed at encouraging the retraining and reemployment of workers whose jobs are threatened or terminated under these circumstances.

It must be emphasized, however, that, under the tight labor market conditions prevailing in a number of European countries, displaced workers tend to find other jobs fairly quickly. The problem of labor displacement appears to pose the greatest difficulties when a relatively small or moderate-sized community is faced with the elimination of its only sizable payroll or of one of its few payrolls. We shall have occasion at a later point to discuss some examples of the way in which public and private resources have been mobilized to meet this type of situation, particularly in West Germany and Sweden.

Even though automation has not proceeded as far in Western Europe as in this country, there is little question that in certain highly significant respects technological change is producing labor market effects similar to those we are experiencing. The increased demand for engineers, technicians of various types, and draftsmen is a conspicuous feature of the European labor market scene. Everywhere there is increasing recognition that the path of future technological change will call for more prolonged schooling and more broadly based vocational training, and throughout Western Europe there is a ferment of discussion and debate over education in general and vocational education in particular.

Another type of structural change

TABLE 7.—NONAGRICULTURAL WORKERS OTHER THAN WAGE AND SALARY WORKERS ¹ AS PERCENT OF ALL NONAGRICULTURAL CIVILIAN EMPLOYMENT, SELECTED COUNTRIES, 1950, 1955, AND 1962

| Country | 1950 | 1955 | 1962 |
|----------------------------------|------|------|------|
| Belgium..... | 20.9 | 19.2 | 17.4 |
| France..... | | 19.1 | 15.9 |
| Germany (Federal Republic)..... | 15.5 | 13.3 | 12.6 |
| Italy..... | | 26.5 | 23.2 |
| The Netherlands..... | 18.8 | 16.4 | 14.8 |
| Sweden..... | | | 9.4 |
| United Kingdom..... | 6.4 | 6.1 | 5.8 |
| United States ² | 12.4 | 11.4 | 11.0 |

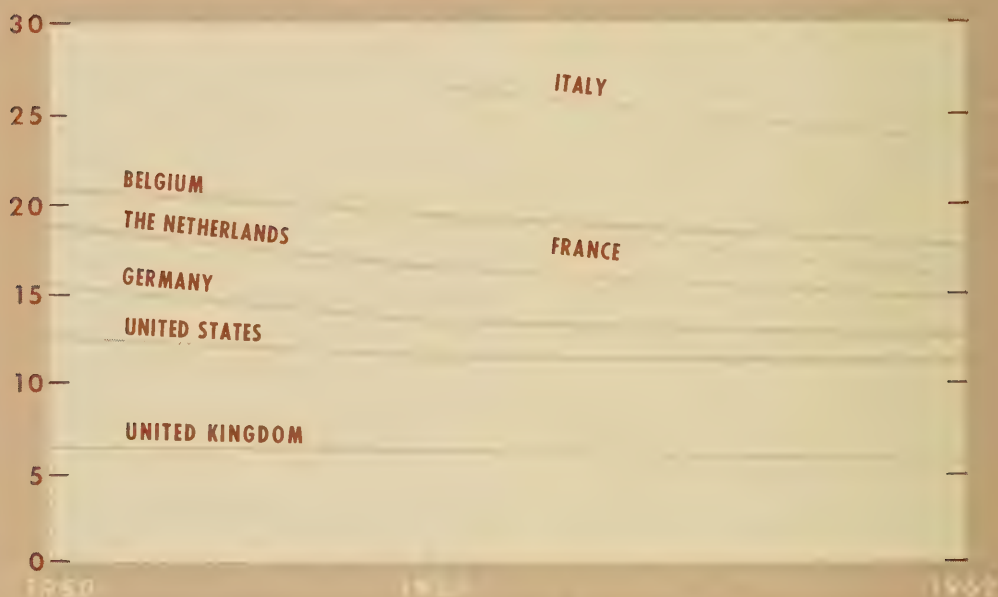
¹ Although the data include employers and persons working on own account, plus unpaid family workers, the self-employed are the largest of these categories. Moreover, unpaid family workers are, in all probability, persons who are working for the self-employed in most instances, and a decline in the relative importance of self-employment would tend to be accompanied by a corresponding decline in the unpaid family

worker category.
² For the actual numbers in the United States, see *Manpower Report of the President*, transmitted to the Congress March 1964 (Washington, D. C.: U.S. Government Printing Office, 1964).
SOURCE: Organisation for Economic Co-operation and Development, *Manpower Statistics, 1950-1962* (Paris: 1963).

CHART 3

PROPORTION OF SELF-EMPLOYED¹ IS DECREASING

PERCENT OF ALL NONAGRICULTURAL CIVILIAN EMPLOYMENT



1/ Percents are for nonagricultural workers other than wage and salary workers, but the self-employed make up the largest proportion in this category.

SOURCE: U. S. DEPARTMENT OF LABOR, OFFICE OF MANPOWER, AUTOMATION AND TRAINING, FROM DATA SUPPLIED BY THE ORGANISATION FOR ECONOMIC CO-OPERATION AND DEVELOPMENT.

significant in Western Europe is a substantial decline in the relative importance of self-employment in nonagricultural industries (table 7). In fact in Belgium, France, and the Netherlands, there has been a downward trend in the absolute number of persons in this type of employment. Anyone who has traveled on the Continent is aware of the prevalence of the *boulangerie*, *pâtisserie*, and *charcuterie*—and of the fact that the farther south one travels in Europe, the more predominant in retail trade the very small enterprise becomes and the more likely one is to see roadside or streetside vendors selling trinkets. But the super-

market is making its appearance, particularly in England and France, and my guess is that it will spread rapidly in the next 10 years. (See chart 3.)

Other aspects of structural change could be mentioned, but we shall have occasion to call attention to them in later chapters. What has been said in the present chapter should suffice to give the reader an appreciation of the marked contrasts in the labor market setting in which retraining programs are being conducted in Western Europe today, as compared with the United States, as well as of some of the more significant similarities.

3

RETRAINING IN THE FIRST POSTWAR DECADE, 1945-55

PURPOSES OF PROGRAMS

OF THE seven European countries included in this study, six adopted legislation providing for public retraining programs for the unemployed in the early postwar years or shortly before the end of the war. The exception was West Germany, which did not begin to emphasize retraining until after the end of the occupation period. In Sweden, although retraining programs were conducted under the general powers of the labor market authorities, they were on an extremely limited scale until about 1958, when greatly increased emphasis began to be placed on their expansion. In fact, the number of unemployed persons retrained in the first postwar decade in Sweden was so small that Sweden will not be included in the discussion in the present chapter, although a good deal will be said about Swedish policies in later chapters.

Early postwar legislation was designed in large part to serve three purposes: (1) To increase the employability of the unemployed, (2) to facilitate the return to civilian employment of veterans, war workers, former pris-

oners of war, and similar groups, and (3) to help relieve the shortages of labor anticipated in certain occupations, particularly building trades, where the ranks had been depleted by long years of reduced construction ac-

tivity during the depressed thirties and the war, and whose workers would be needed in greatly increased numbers for postwar reconstruction.

Nevertheless, even in this early stage in the formulation of postwar economic policies, retraining was regarded in several countries as a permanent instrument of labor market adjustment policy, rather than as merely a means of facilitating the transition from a wartime to a peacetime economy. The British White Paper on *Employment Policy of 1944*, which set forth the general guidelines for a postwar full employment policy and which undoubtedly had considerable influence on the Continent as well as in Britain, was particularly explicit on this point. The elimination of economic instability, it pointed out, required that: (a) Total expenditure on goods and services must be prevented from falling to a level where general unemployment appears, (b) the level of prices and wages must be kept reasonably stable, and (c) there must be sufficient mobility of workers between occupations and localities. As one means of encouraging labor mobility, the Government proposed to continue training schemes as a permanent measure after the resettlement of veterans and war workers had drawn to a close. It went on to spell out an appropriate division of responsibility between employers and the Government in meeting the training needs of the nation:

For jobs calling for no great amount of skill and requiring only a few weeks' instruction, employers should arrange to give the instruction in the course of em-

ployment. . . . For jobs calling for greater skill and requiring a more extended period of specialised instruction, the training should also be carried out as far as possible by employers. This type of training is best given under properly designed training schemes providing a definite course of instruction. Employers who provide such courses, approved by the appropriate Department, will receive Government grants calculated on the capitation basis to be settled after consultation with the industry concerned.

There are great advantages in providing training in the factories, where the trainees can see ahead of them the jobs which they are qualifying themselves to fill. For certain occupations, however, training can be better given in a separate school or institution than in employers' workshops. To meet the need for this kind of training, which employers cannot provide, the facilities for institutional training which are provided in the Government Training Centres, Technical Colleges, etc., will be developed and extended.¹

At that time, Britain had an extensive system of Government training centers, which had been used for accelerated training of workers for war industries. Moreover, along with a number of other European countries, Britain had had a certain amount of

¹ Office of the Minister of Reconstruction, Cmd. 6527, *Employment Policy*, (New York: Macmillan, 1944), p. 14.

experience with retraining programs during the interwar period.²

Interestingly, also, the White Paper anticipated what was to be one of the major problems with retraining programs in postwar Britain when it pointed out:

If retraining schemes are to be a success there must be the fullest co-operation between employers and the Trade Unions. Difficulties have arisen in the past because some sections of industry have been reluctant to admit trainees. . . . During this war causes of friction, including demarcation, have been greatly reduced; and the Government believe that, with the creation of conditions designed to produce full employment and stability, all parties in industry will agree that existing rules and practices may safely be modified to allow the ready admission of trainees, provided that proper steps are taken to train them to a standard which will justify the payment of the recognised rate of wages. Care will also be taken to ensure that the number of trainees does not exceed the number capable of being absorbed in the particular trade.³

In Belgium, vocational retraining was to be organized within the frame-



work of the employment service and unemployment insurance system, and was regarded as "essentially a means of reducing unemployment."⁴ Nevertheless, it was also looked upon as a means of achieving a distribution of manpower "closely related to the needs of the national economy" and as a way of insuring that "all may have access to the trade or level of skill enabling them to contribute to the utmost of their capacity to the economic life of the country."⁵

Although the original purpose of the French retraining program was to meet temporary and occasional emergencies (severe unemployment or an urgent demand for manpower), as time went on accelerated vocational training for adults, as it came to be called, "showed itself to be the indispensable instrument of a manpower policy based on full employment and a balanced labour market."⁶ Moreover, as mentioned previously, France's commitment to a full employment policy was associated with her policy of national economic planning. In connection with the planning program, a manpower commission (*Commission*

² For an account of this experience, see International Labour Office, *Vocational Training of Adults in the United Kingdom* (Geneva: 1948), pp. 3-10. Brief descriptions of prewar programs in certain other countries may be found in Organisation for European Economic Co-operation, *Accelerated Vocational Training for Unskilled and Semi-skilled Manpower* (Paris: 1960).

³ *Employment Policy*, op. cit., pp. 14-15.

⁴ See International Labour Office, *Vocational Training of Adults in Belgium* (Geneva: 1949), p. 9.

⁵ *Ibid.*, p. 10.

⁶ *Accelerated Vocational Training . . .*, op. cit., p. 211.

de la Main d'Oeuvre) was appointed very soon after the war to study the requirements of the plan with respect to the quantity and quality of manpower and to propose measures for satisfying these requirements. Its first report emphasized, among other things, the importance of vocational training, as have its later reports.⁷

ORGANIZATION AND ADMINISTRATION

The organization and administration of retraining programs, as well as certain other aspects of retraining policies, have remained relatively unchanged in most of these countries throughout the postwar years, even though the numbers undergoing training and the types of training emphasized have changed significantly. Thus, in discussing problems of organization and administration, as well as certain other policies, in the present chapter, we shall use the present tense for the sake of simplicity whenever the original policies are still prevailing.

Retraining programs are administered in general by the ministries of labor (or in the Netherlands, the Ministry of Social Affairs and Public Health, which includes the administra-

tion of the public employment service among its functions). However, the manner in which that responsibility is exercised differs substantially from country to country. In Belgium, France, the Netherlands, and the United Kingdom, by far the greater part of the training has been conducted in Government training centers, financed and operated by the ministry of labor (or social affairs), even though this was not in all cases the original intent of the law. In West Germany and Italy, however, the labor ministries have operated some of the programs but have also entered rather extensively into agreements with other organizations and agencies for the carrying out of training courses on a subsidized basis.

Interestingly, in both Belgium and France, a decision to place the main emphasis on Government-operated training centers was made only after early efforts to encourage retraining by other organizations on a subsidized basis produced disappointing results. Although a royal decree of May 26, 1945, in Belgium, contemplated the establishment of Government training centers only in exceptional circumstances and anticipated that retraining for the unemployed would be conducted mainly under the auspices of employers or technical schools, a decree promulgated early in 1948 authorized the establishment of Government centers on an equal footing with those operated under other auspices.⁸ Disappointment with employer-sponsored training appears to have centered around the complaint that employers sometimes neglected the provision of

⁷ See "Manpower Requirements in France," *Ministry of Labour Gazette*, LV, March 1947, pp. 87-88. The most recent report of the Commission is *Rapport général de la Commission de la Main d'Oeuvre, Quatrième Plan de Développement Économique et Social (1962-1965)*, Commissariat Général du Plan d'Équipement et de la Productivité (Paris: Imprimerie Nationale, 1961).

⁸ *Vocational Training of Adults in Belgium*, op. cit., p. 26.

the fullest possible training opportunities to the trainee in the interests of using him to increase output.⁹ Even so, it was recognized that in certain types of productive processes, e.g., the training of shipwrights, adequate training required complicated and costly equipment which could only be provided under employer auspices. Complaints about the training given in the technical schools, on the other hand, centered around the failure of instructors to adapt the training to the special requirements of the unemployed (e.g., the inclusion of more theoretical material than they could absorb), the overcrowding of the technical schools, and their lack of sufficient staff and facilities to serve the needs of the unemployed.

Unlike the situation in certain other countries, however, the concept of a Government training center in Belgium was—and, in fact, still is—highly flexible. Centers have been regarded to a considerable extent as temporary installations, to be established or discontinued in response to changes in the labor market situation in various parts of the country. A “center” may consist of a class for stenographers conducted in a large room in a public building, such as the one I visited in Brussels, a relatively small center conducting classes for about 45 trainees in the building and metal trades in an old factory building in Charleroi, or the more elaborate center for some 130 trainees in the building and metal trades in a building that was originally erected for the Brussels World’s Fair of 1958.

⁹ Ibid., p. 25, and *Accelerated Vocational Training* . . . , op. cit., p. 101.

A series of French decrees in 1945 and 1946 provided for two types of training centers which would be eligible for Government support or subsidy: (1) Community centers, run by associations, trade unions, or public corporations, which would be open to candidates presented by the public authorities and (2) special centers designed to meet the needs of particular industrial establishments. A later decree, issued early in 1949, stipulated, among other things, that only centers providing training in priority occupations would be eligible for Government subsidies and that the community centers would be managed and financed by a single body. This body was designated in a subsequent order as the *Association Nationale Interprofessionnelle pour la Formation Rationnelle de la Main d'Oeuvre* (National Inter-Occupational Association for the Rational Training of Manpower). ANIFRMO, as it came to be called, is a semi-Governmental body administered by a managing board of 18 members, including 6 employers’ representatives appointed by the National Council of French Employers, 6 workers’ representatives appointed by the most representative trade union organizations, and 6 representatives of the Ministry of Labor and Social Security. Its annual funds for the operation of the community training centers are provided through the budget of the Ministry of Labor and Social Security, which also determines not only the broad policies but also the rules and regulations under which vocational training in the centers is to be conducted. The functions of ANIFRMO relate to the detailed administration of the centers, the development and su-

pervision of training methods and materials, and the training of instructors.¹⁰

The number of Government training centers in France increased from 45 in November 1945 to 127 in August 1946.¹¹ Many of the French centers today are sizable and well-equipped installations, although this was probably not so true in the early stages of development of the program. They are located in all parts of the country, but tend to be more numerous in the northern half than in the southern half of France. Varying substantially in size and in the range of occupations for which training is provided, they may have from 6 to 40 sections for various trades, with an average capacity for all the centers of about 15 training sections. The larger centers have a sizable group of buildings (including offices, classrooms, a medical department, infirmary, dormitories, a canteen, and storage rooms), and a staff consisting of a director and several assistants, an instructor for each section, a canteen staff, and a domestic staff.¹²

Government training centers in Great Britain are somewhat similar in size and organization to those in France, but they are operated directly by the Ministry of Labour. Moreover, although the number of centers expanded rapidly in the early postwar years, it was cut back drastically in

1948, as we shall see. Furthermore, a substantial proportion of the trainees in the British centers throughout most of the postwar period has consisted of disabled persons, whereas in France training for the disabled tends to be carried on under the auspices of the regional social security funds or private organizations (which receive Government subsidies), although it is subject to technical supervision by ANIFRMO.

In the Netherlands, most of the training is conducted in Government training centers located throughout the country and is supervised by the bureau of vocational training within the employment office of the Ministry of Social Affairs and Public Health.¹³ There has also been a program of subsidized employer-sponsored training, but the numbers enrolled have, until quite recently, been far smaller than the numbers trained in the Government centers.

In West Germany, responsibility for "occupational development measures," as they are called, has, since 1952, been centered in the *Bundesanstalt für Arbeitsvermittlung und Arbeitslosenversicherung* (Federal Institution for Labor Placement and Unemployment Insurance), known as BAVAVG, with headquarters in Nuremberg. Although subject to the supervision of the Ministry of Labor, the BAVAVG was set up as a corporate body under public law and is managed by an administrative council and an executive board, both of which include representatives of employer and labor orga-

¹⁰ See *Accelerated Vocational Training . . .*, op. cit., pp. 213-214, and E. Rossignol, *The Vocational Training of Adults*, reprinted from *International Labour Review*, October 1957, pp. 14-20.

¹¹ C. Bettelheim, "Economic and Social Policy in France," *International Labour Review*, LIV, Sept. 10, 1946, pp. 139-159.

¹² For further details, see *Accelerated Vocational Training . . .*, op. cit., pp. 215-216, and Rossignol, op. cit., pp. 17-19.

¹³ Ibid., p. 429, and Ministry of Social Affairs and Public Health, *Vocational Training for Adults in The Netherlands* (The Hague: no date).

nizations.¹⁴ Occupational development measures may be carried out directly by the public employment offices maintained by the BAVAVG and by other qualified institutions, such as technical colleges, vocational schools, vocational training centers of industrial trade associations, or trade unions. In some cases, training programs may be conducted jointly by an employment office and another institution. Moreover, the extent of responsibility and of financial participation by these other institutions may vary greatly from case to case, although it would appear that, in many cases, the program is financed largely by the BAVAVG, which is also responsible for insuring that adequate technical standards are met.¹⁵ Of a total of 2,609 courses conducted in 1956, 40 percent were sponsored by the public employment service and the remainder by other agencies.¹⁶

Italy's situation resembles West Germany's in that courses are frequently organized under the sponsorship of agencies other than the public employ-

ment service, but in one respect it is similar to the French system in that responsibility for the detailed administration of a broad range of Government-sponsored courses is delegated to a semiautonomous body, the *Istituto Nazionale per l'Addestramento ed il Perfezionamento dei Lavoratori della Industria* (National Institute for the Training and Further Training of Industrial Laborers), known as INAPLI.¹⁷

Even where the courses are organized directly by the Ministry of Labor, there is usually an advisory committee consisting of employer, labor, and public representatives which makes recommendations on training programs and other aspects of manpower policies. Moreover, in most of these countries there are similar advisory committees attached to the local and regional offices. In the United Kingdom (for some trades) and until recently in Belgium, the selection of individual candidates for training has been subject to the approval of these local advisory committees.

The degree of centralization of responsibility for decisions with respect to the establishment or discontinuation of particular training programs varies somewhat from country to country, tending to reflect the degree of centralization of government activities generally. In West Germany, for example, proposals for training programs are initiated by the local employment offices and are subject to the approval of the *Landesarbeitsamt* (state labor office) in the relevant *Land* (state).

¹⁴ See Federal Institution for Labor Placement and Unemployment Insurance, *Bundesanstalt für Arbeitsvermittlung und Arbeitslosenversicherung, Bundesrepublik Deutschland* (Nuremberg: 1961), p. 8, and Federal Institution for Labor Placement and Unemployment Insurance, *Ein Jahrzehnt Bundesanstalt für Arbeitsvermittlung und Arbeitslosenversicherung, 1952-1962* (Nuremberg: no date), pp. 5-19. The BAVAVG is a successor to the *Reichsanstalt für Arbeitsvermittlung und Arbeitslosenversicherung*, which was established under the first German unemployment insurance law of 1927.

¹⁵ See *Accelerated Vocational Training* . . . , op. cit., pp. 166 ff.

¹⁶ *Ibid.*, p. 191.

¹⁷ *Ibid.*, p. 321; and *Industry and Labour*, II, Nov. 15, 1949, pp. 398-404, and IV, Sept. 1, 1950, pp. 217-220.

However, proposals involving programs extending across the area of several *Länder* or requiring extraordinary financial support require the consent of the president of the Federal Institution (BAVAVG).¹⁸ In France, each *département* has a departmental manpower committee which keeps in touch with developments in the local labor market, as well as special committees representing the various trades in which training is offered. These committees meet every month, consider training needs in their *départements*, and make regular reports and recommendations to the national labor market authorities. Nationwide training needs are considered by similar advisory committees attached to ANIFRMO in Paris. These committees also meet every month, consider local needs in the light of the national situation, and propose alterations in the relative emphasis on various types of training throughout the country or in particular areas or centers.

On the vital question of the relative emphasis on local versus nationwide occupational shortages in determining types of training to be offered, and on the related question of the extent to which candidates for training are given opportunities for training outside their own local communities, we shall have more to say in later chapters.

Finally, it should be pointed out that there has been some type of provision

for government-supported individual training in all these countries. Under these arrangements, individuals are advised by the manpower authorities to enroll in courses in commercial or technical schools, or in employer-sponsored or union-sponsored training programs of one kind or another. Like the participants in government-sponsored training courses, such individuals receive a training allowance, and their course fees are paid by the labor market authorities. In the case of employer-sponsored training within a firm, trainees usually receive a wage which is often partially subsidized by the relevant government agency. However, the numbers of persons trained under such arrangements have tended to be small compared with the numbers trained in government training centers or publicly sponsored courses. For this reason, we shall devote very little attention to such arrangements in this chapter but will consider in some detail provisions of this kind that are currently in effect in the next chapter.

ELIGIBILITY AND SELECTION

Although intended in part to serve the needs of the unemployed, training programs in the early postwar period were also designed to improve employment opportunities for veterans, former prisoners of war, refugees (e.g., in West Germany), etc. Such persons were often eligible for training, and for training allowances, on the same basis as the unemployed, and in some coun-

¹⁸ See Federal Institution for Labor Placement and Unemployment Insurance, *Richtlinien zur Durchführung beruflicher Bildungsmassnahmen vom 4. August 1955* (Nuremberg: 1955), par. I, 6.

tries were given priority of admission to government training centers.¹⁹

Apart from these special groups and (in some countries) the disabled, admission to government training centers or courses was usually confined to the involuntarily unemployed. This was not, however, the case in France after 1946 or in the United Kingdom after enactment of the Employment and Training Act of 1948.

The French Decree of October 12, 1945, amended a 1939 decree which had provided subsidies for workers' training in industrial establishments (under certain conditions) and for occupational retraining centers for the unemployed.²⁰ However, a decree of November 9, 1946, dropped the reference to occupational retraining centers for the unemployed and provided that community training centers should "recruit their trainees among the candidates presented by the manpower service." Special centers (in industrial and commercial establishments) would recruit their trainees "either among the personnel of the establishment or among candidates presented by the

manpower service."²¹ This change in policy appears to reflect the relative absence of an unemployment problem in France after the war and the unlikelihood of finding enough suitable candidates for training among the ranks of the unemployed to meet prospective shortages of skilled labor. In fact, the trainees in French Government training centers have consisted to a considerable extent of persons who voluntarily left their previous employment in order to upgrade themselves, or of jobseekers who could have been referred to relatively unskilled jobs by the manpower authorities but were advised, instead, to enter a training center in order to qualify for a skilled job.²² Moreover, standards of admission to the French centers have been relatively rigorous, as we shall see, and have had the effect of eliminating older and less qualified unemployed persons from the training programs.

The situation in Britain has been quite different. Although the Employment and Training Act of 1948 provided that the Minister of Labour and National Service could train persons, "whether employed or not," who were above the compulsory school-leaving age,²³ I was informed that, in practice, admission to the British training centers has been confined to the disabled, ex-service personnel, and the unemployed. Furthermore, as we shall see, under agreements negotiated in the

¹⁹ A French ordinance of May 1, 1945, for example, provided that demobilized men, former war prisoners, deported persons, would have "priority of admission to a public or private establishment providing occupational training or retraining," if their opportunities for employment were impaired because of a physical handicap, lack of previous training or interruption of training, a need to change occupation on account of new conditions of production, or because their skills had become rusty. International Labour Office, *Legislative Series*, 1945—France, 6-A (Geneva).

²⁰ Ibid., 1939—France, 8, and 1945—France, 12.

²¹ *Accelerated Vocational Training . . .*, op. cit., p. 232.

²² This has been particularly true in recent years. For further discussion of the characteristics of trainees in the French centers, see chapters 4 and 5.

²³ *Legislative Series*, op. cit., 1948—United Kingdom, 4.

early postwar period between the Ministry of Labour and National Service and committees representing management and labor in various trades and industries, training for a number of occupations has until quite recently been confined to the disabled, or to the disabled and ex-service personnel.

Age Limits.—Of the six countries whose programs are considered in the present chapter, the majority impose upper age limits on admission to government training programs, usually through administrative regulations rather than through statutory requirements.

Upper age limits are particularly restrictive in France, and the age distribution of trainees has tended to be distinctly youthful. Although the information which I was given on this point by various French officials whom I interviewed was somewhat conflicting, it would appear that, in general, the maximum age limit is 35, but directors of local training centers may make exceptions in the case of applicants between 35 and 40 years old if they meet other admission standards.²⁴

Belgium has no general statutory or administrative upper age limits, but the advisory boards attached to the regional public employment offices, which were given the authority to designate the unemployed persons to be selected for training under the 1945 decree, have, in practice, imposed upper age limits. In fact, according to M.

Victor Martin, director of the vocational training program for adults in Belgium for many years, these consultative bodies "yielded to the temptation of continually lowering the age of admission" to the training centers as they gained experience with the program.²⁵ This policy, he suggested, was designed to insure successful results from the training programs, in the light of the tendency for the capacity for vocational adaptation to "vary inversely with age." However, the policy was also strongly influenced by the difficulty of placing older workers, in view of the tendency of employers to refuse to hire them. "It was useless to attempt—except in unusual cases—the readaptation of aged workers, if one was convinced from the beginning that the chances of putting them to work at the end of the course were reduced to a minimum."²⁶ Although a good many of the regional advisory bodies have imposed age limits of 40 or 45, in some regions the limits have been as low as 35, and, for stenographers, 30.²⁷ These policies are of particular interest in view of the fact that, throughout the fifties, Belgium had a substantial problem of long-term unemployment among older workers. Although unemployment among older workers was also a problem of some considerable concern in a number of other Western

²⁵ Victor Martin, *Le développement de la réadaptation professionnelle*, reprinted from *Revue du Travail*, November–December 1955, p. 13.

²⁴ *Accelerated Vocational Training . . .*, op. cit., p. 216. However, I was informed by M. Simon, the director-general of ANIFRMO, that the upper age limit in practice is 28 to 29. Whether this was equally true in the early postwar years, I am not certain.

²⁶ *Ibid.*, p. 14. When I interviewed M. Martin in Brussels, it was the difficulty of placing older workers which he emphasized in discussing the question of upper age limits.

²⁷ *Ibid.*, p. 13 n., and *Accelerated Vocational Training . . .*, op. cit., p. 103.

European countries in the first half of the fifties, the problem has been substantially alleviated under the tighter labor market conditions of the late fifties and early sixties, and even in Belgium, has been of somewhat less concern in the last few years.

Italy's unemployment problems have centered to a relatively greater extent in the younger age brackets. Although there does not appear to be a statutory upper age limit on admission to Government training centers in Italy, the courses for the unemployed appear to cater to workers under the age of 40.²⁸ Moreover, Italy's policies differ from those of most other countries in that there has been substantial emphasis on courses for unemployed juveniles. The need for such courses in Italy has undoubtedly been explained, not only by the problem of unemployment among youth, but also by the fact that traditional vocational education facilities for those who have completed the compulsory period of schooling—either in the form of technical schools or of apprenticeship training—have been decidedly underdeveloped in Italy as compared with many of the northern European countries.

In the Netherlands, upper age limits on admission to Government training centers have been less restrictive than in France or Belgium. The upper age limit was 55 until a few years ago, when it was reduced to 50. In explaining the policy of imposing an upper age limit, and the recent decision to reduce it, Dutch officials tend

to place more emphasis on the difficulty of placing older workers than on that of training them.²⁹

Although Britain imposes no upper age limit on admission to its Government training centers, in practice relatively few workers over about 45 years old have participated in the programs, probably in large part because they have difficulty in meeting the selection standards. In West Germany, although it would appear that the great majority of trainees are under 45 years old, older persons do participate in the retraining programs to some extent and, in certain instances, particularly in West Berlin, special courses have been developed for older persons.

Not only are there upper age limits in the majority of these countries, but there are, and have been from the start, lower age limits in all of them. These lower age limits, which in most countries are subject to occasional exceptions, are designed to prevent young persons from entering accelerated training programs rather than the

²⁹ This point was emphasized by J. M. Hillenius, the director of the Government vocational training program for adults. But Hillenius also pointed out that the policies governing payments from the Common Market social fund to reimburse 50 percent of the expenses incurred by member countries in their programs for retraining the unemployed tend to place a premium on selection policies which will contribute to a high rate of success in training and placement, since reimbursement depends on the number of persons in any given member country who not only completed a training program but also worked in the occupation for which they were trained at least 6 months during the year following completion of their training. For further discussion of these policies see chapter 9.

²⁸ See the discussion of denial of unemployment benefits to persons refusing retraining in chapter 4.

traditional apprenticeship programs or the technical schools. Thus they tend to coincide with the age at which a young person would normally complete an apprenticeship or vocational education program, and in most cases are set at 17, 18, or 19. In Belgium, which has an extensive system of publicly operated or subsidized technical schools, the lower age limit in the middle fifties was 21, although young people 18 to 21 years old were occasionally admitted. A special program for juveniles 14 to 21 years old, which was operated from 1949 to 1951, did not prove very successful.³⁰ However, under the revised policies adopted in 1961, to be discussed in the next chapter, persons 18 to 21 years old are regularly admitted provided they have had a stipulated amount of employment.

Selection Tests.—All the countries whose programs are considered in this chapter use selection tests to a certain extent in admitting applicants to training programs, and, as has been suggested, even where upper age limits are not imposed, these selection tests usually pose greater difficulties for older unemployed persons, whose level of education tends to be relatively low and who are likely to be more apprehensive about undertaking tests than younger people, partly because their school years are so far behind them.

Probably the most rigorous program of testing is found in France, where every applicant for admission to a training center must undergo a medical examination and a psychotechnical examination designed to eliminate those who have no chance of success-

fully completing the course. It consists of two parts: (1) A written examination which varies in difficulty according to the occupation for which training is sought, and (2) an oral interview.³¹ Candidates for training in Italy are subjected to a battery of physical and mental tests, which are administered by the Institute of Industrial Medicine, which is connected with the National Association for Prevention of Industrial Accidents. In the Netherlands, also, all candidates are subjected to psychotechnical tests, and, in addition, all are given chest X-rays. However, a complete physical examination is given only in the case of the disabled and those with physical complaints.

In the other three countries, tests are used less extensively. In Belgium, applicants are given a medical test, but aptitude tests have been given rather rarely, largely because the local and regional employment offices have lacked the specialized personnel that would be needed to administer them. Unsuitable candidates have, however, been weeded out during the first 2 or 3 weeks of training, on the recommendation of the instructor to the local advisory committee.³² In West Germany, the regulations issued by the BAVAVG provide that tests may be administered if necessary, but they are evidently used rather infrequently except for certain occupations, such as stenographer. Although great emphasis is placed on careful selection, I was told that the placement officers in the local employment offices were

³⁰ See *Accelerated Vocational Training* . . . , op. cit., p. 103.

³¹ Ibid., p. 216, and *International Labour Review*, LV, Mar. 4, 1947, pp. 298-301.

³² *Accelerated Vocational Training* . . . , op. cit., pp. 103-104.

usually well acquainted with the candidates for training and were in a good position to make informed selections without relying on tests.³³ Moreover, the local employment officers are required to keep in touch with the progress of trainees and to eliminate those whose performance is unsatisfactory. In the United Kingdom, satisfactory completion of an achievement test is the condition of acceptance only for certain trades, such as engineering, draftsmanship, stenography, and radio and television servicing. However, candidates who are not given a preentry test must take an achievement test, varying in difficulty for different trades, when they enter training, in order to determine whether further education is necessary. In the cases of those who need it, special lectures are given during the first 4 weeks of training.

So far as I have been able to determine, candidates who cannot pass the more demanding tests given for the more highly skilled trades are not necessarily disqualified for training in any of these countries. An attempt is usually made in such cases to counsel them to enter training for trades with less demanding requirements. This point was particularly emphasized by officials whom I interviewed in Britain and the Netherlands.

NUMBER OF TRAINEES

It is difficult to assemble comparable statistics on the number of persons who have been trained under the programs

we are examining. For one thing, the annual statistics available in some countries include all persons who have been enrolled in a training program in the course of a year, whereas in other countries they include only those who have completed a training course or those who have passed a final examination and received a certificate. In some cases, I have been able to obtain both types of statistics for some years but not for all years. A more serious difficulty arises from the fact that in some countries, e.g., the United Kingdom, disabled persons are trained in the Government training centers along with the able-bodied, whereas in other countries, e.g., France, training for the disabled tends to be conducted under separate auspices and is not reflected in the data relating to Government training centers. Moreover, in some countries the data apply only to persons trained in government centers, whereas in others training under other auspices is included.

Despite these difficulties, the data in tables 8 and 9 do provide a general indication of differences in the magnitude of the programs from country to country. Moreover, since care has been taken to make certain that the statistics are comparable from year to year, they provide a reasonably accurate indication of changes in the number trained.

Although I have not been able to obtain any annual data for Italy for the early fifties, the Organisation for European Economic Co-operation (OEEC) report on accelerated vocational training indicates that a total of 1,286,640 persons were involved in training courses conducted under the

³³ On this point, see, also, *ibid.*, p. 181.

TABLE 8.—TRAINING COMPLETED UNDER GOVERNMENT-SPONSORED PROGRAMS FOR ADULTS, SELECTED COUNTRIES, 1946-63

[Thousands of persons and percent of labor force]

| Year | Belgium | | France | | Germany (Federal Republic) | | The Netherlands | | United Kingdom | | United States | |
|-----------|---------------------|---------|---------------------|---------|-------------------------------|---------|---------------------|---------|---------------------|---------|---------------------|------------------|
| | Number ¹ | Percent | Number ² | Percent | Number ¹ | Percent | Number ³ | Percent | Number ⁴ | Percent | Number ⁵ | Percent |
| 1946..... | 1.4 | ..... | ..... | ..... | ..... | ..... | 1.6 | ..... | 16.4 | ..... | ..... | ..... |
| 1947..... | 1.1 | ..... | 11.4 | ..... | ..... | ..... | 3.6 | ..... | 39.9 | ..... | ..... | ..... |
| 1948..... | 1.3 | ..... | 21.8 | ..... | ..... | ..... | 4.6 | ..... | 8.8 | ..... | ..... | ..... |
| 1949..... | 1.9 | ..... | 19.2 | ..... | ..... | ..... | 4.7 | ..... | 7.0 | ..... | ..... | ..... |
| 1950..... | 2.7 | 0.07 | 13.7 | ..... | ..... | ..... | 6.8 | 0.17 | 5.2 | 0.02 | ..... | ..... |
| 1951..... | 1.5 | .04 | 14.1 | ..... | ..... | ..... | 6.0 | .15 | 3.6 | .02 | ..... | ..... |
| 1952..... | 1.0 | .03 | 14.6 | ..... | ..... | ..... | 3.9 | .10 | 4.3 | .02 | ..... | ..... |
| 1953..... | 1.3 | .04 | 16.6 | ..... | 33.6 | 0.15 | 4.2 | .10 | 4.7 | .02 | ..... | ..... |
| 1954..... | 1.7 | .05 | 15.9 | 0.08 | 34.7 | .15 | 3.9 | .09 | 4.5 | .02 | ..... | ..... |
| 1955..... | 1.8 | .05 | 18.9 | .10 | 35.7 | .15 | 4.7 | .11 | 4.3 | .02 | ..... | ..... |
| 1956..... | 2.0 | .05 | 23.5 | .12 | 37.7 | .15 | 4.7 | .11 | 4.0 | .02 | ..... | ..... |
| 1957..... | ..... | ..... | 24.1 | .12 | ..... | ..... | 3.6 | .08 | 3.5 | .01 | ..... | ..... |
| 1958..... | 1.8 | .05 | 23.9 | .12 | ..... | ..... | 3.4 | .08 | 3.5 | .01 | ..... | ..... |
| 1959..... | 1.5 | .04 | ..... | ..... | ..... | ..... | 3.5 | .08 | 3.4 | .01 | ..... | ..... |
| 1960..... | ..... | ..... | ..... | ..... | 14.3 | .06 | 3.2 | .07 | 3.4 | .01 | ..... | ..... |
| 1961..... | ..... | ..... | 22.7 | .12 | 8.3 | .03 | 3.2 | .07 | 3.4 | .01 | ..... | ..... |
| 1962..... | ..... | ..... | 22.3 | .11 | 4.6 | .02 | 2.2 | .05 | 3.3 | .01 | 1.4 | (⁶) |
| 1963..... | ..... | ..... | 25.3 | .16 | ..... | ..... | ..... | ..... | 3.7 | .01 | 27.5 | 0.04 |

¹ Includes collective training and subsidized training for individuals; German figures are for fiscal years and do not include West Berlin, where the number of persons completing training in recent years was as follows: 1961—5,582; 1962—3,260.

² Includes full-time trainees who received certificates from Government training centers; in 1961, an additional 4,366 persons received full-time training in Government centers but did not receive a certificate. There were also 2,527 part-time trainees enrolled in 1961. See *Revue Française du Travail*, XVI, January-March 1962, pp. 103-109.

³ Includes persons completing courses in

Government training centers and persons enrolled in subsidized on-the-job training programs.

⁴ Includes persons who completed courses at Government training centers.

⁵ Includes persons who completed training under the Manpower Development and Training Act.

⁶ Less than 0.005 percent.

SOURCE: Official publications of ministries of labor; Organisation for Economic Co-operation and Development, *Accelerated Vocational Training for Unskilled and Semi-skilled Manpower* (Paris: 1960); and, in some cases, personal interviews with Government officials.

TABLE 9.—ENROLLMENTS IN GOVERNMENT-SPONSORED TRAINING PROGRAMS FOR ADULTS, SELECTED COUNTRIES, 1953-63

[Thousands of persons and percent of labor force]

| Year | Belgium | | Germany (Federal Republic) | | Italy | | Sweden | | United States | |
|-----------|--------------------------|--------------|-------------------------------|--------------|--------------------------|--------------|--------------------------|--------------|--------------------------|--------------|
| | Num- ber ¹ | Per- cent | Num- ber ¹ | Per- cent | Num- ber ² | Per- cent | Num- ber ³ | Per- cent | Num- ber ⁴ | Per- cent |
| 1953..... | 2.2 | ..... | 36.9 | ..... | ..... | ..... | ..... | ..... | ..... | ..... |
| 1954..... | 2.2 | 0.06 | 38.6 | 0.16 | ..... | ..... | ..... | ..... | ..... | ..... |
| 1955..... | 2.5 | .07 | 41.3 | .17 | ..... | ..... | ..... | ..... | ..... | ..... |
| 1956..... | 2.7 | .07 | 49.0 | .20 | ..... | ..... | ..... | ..... | ..... | ..... |
| 1957..... | ..... | ..... | 43.1 | .17 | 94.7 | 0.47 | ..... | ..... | ..... | ..... |
| 1958..... | ..... | ..... | ..... | ..... | ..... | ..... | 2.6 | ..... | ..... | ..... |
| 1959..... | ..... | ..... | ..... | ..... | ..... | ..... | 5.8 | ..... | ..... | ..... |
| 1960..... | 2.9 | .08 | ..... | ..... | ..... | ..... | 10.2 | 0.29 | ..... | ..... |
| 1961..... | 3.0 | .08 | ..... | ..... | ..... | ..... | 20.0 | .54 | ..... | ..... |
| 1962..... | 5.1 | .14 | ..... | ..... | 181.0 | .87 | 30.0 | .80 | 6.3 | 0.01 |
| 1963..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... | ⁵ 65.0 | .09 |

¹ Includes collective training and subsidized training for individuals; German data are for fiscal years and do not include West Berlin.

² Includes courses for adults, young adults, and (in 1962) Italian workers who were being trained for emigration to other Common Market countries. The 1957 figure relates to those enrolled on March 1; the 1962 figure is for the fiscal year 1961-62.

³ Data for 1958-60 are for fiscal years; data for 1961 and 1962 are for calendar years.

⁴ Includes persons enrolled in training

under the Manpower Development and Training Act. In addition, between November 1961 and the end of December 1963, 26,895 persons enrolled in courses under the Area Redevelopment Act.

⁵ The number of trainees actually enrolled is somewhat less than the 103,000 trainees approved cited in *Manpower Report of the President*, transmitted to the Congress March 1964 (Washington, D.C.: U.S. Government Printing Office, 1964).

SOURCE: See table 8.

auspices of the Italian Ministry of Labor from 1949 to June 30, 1957.³⁴ Of these, some 875,000 were enrolled in courses for the adult unemployed and 412,000 in courses for juveniles.³⁵ If the number was spread evenly over

the years, this would mean an annual average of approximately 160,000, or about three-quarters of one percent of the Italian labor force of roughly 21 million—a larger percent than in any other country during this period.

The general impression conveyed by the statistics is that the number trained tended to be small. In none of the countries except Italy did the number enrolled or the number completing training exceed 0.15 to 0.20 percent

³⁴ Ibid., p. 321. It is not clear whether the data relate to persons enrolled in the program or to persons completing their training.

³⁵ The courses for juveniles did not begin until 1951.

of the labor force at any time in the first postwar decade.

For only four countries was it possible to compare year-to-year changes in the unemployment rate and the number completing training during the first postwar decade, and in none of these countries was there a very close relationship between changes in the two series.³⁶ More detailed analysis of the training data suggests that changes in labor market conditions for building trades workers, who formed a large proportion of the trainees, played a more important role in explaining fluctuations in numbers completing training than changes in the unemployment rate.

TYPES OF TRAINING

Emphasis on the Building and Metal Trades.—Although the statistical data do not lend themselves to precise comparisons, there is no question that training for the building and metal trades tended to dominate the scene, particularly in the early postwar years (table 10). It should be noted, in this connection, that on the Continent the term metal trades tends to include a wide variety of metalworking occupations (including such trades, for example, as automobile mechanic), while in Britain the term engineering trades appears to be roughly equivalent to the term metal trades as used on the Continent.

³⁶ Comparisons were made for Belgium, France, the Netherlands, and the United Kingdom.

In France, where training for the building trades was of overwhelming relative importance, and in the Netherlands, where trainees were more evenly distributed between the building and metal trades, there was practically no training except for these two groups of occupations in the first postwar decade. Officials in both of these countries emphasized the point that the number of courses offered in various specific crafts, and also the number of government training centers in operation at any given time, tended to vary in response to the changing needs of the labor market. However, the data for these two countries suggest that there may be a certain degree of inflexibility associated with an organizational structure in which the bulk of the training is provided in sizable government training centers scattered throughout the country. Particularly in France, where a number of the centers are quite large and well equipped, the Government by now has a very substantial investment in buildings and equipment. Although clearly much of the space in the training centers can be shifted from one type of use to another without great difficulty, the more specialized equipment cannot. It should be recognized, however, that the training programs in France have been somewhat more diversified in recent years, as will be seen in chapter 4, but this has been less true of the Netherlands.

These two countries also resemble each other in that there has been very little emphasis on the training of women in their programs. This situation has been, and still is, most extreme in the Netherlands. The OEEC report on accelerated vocational training,

TABLE 10.—NUMBER OF PERSONS WHO COMPLETED GOVERNMENT-SPONSORED TRAINING PROGRAMS FOR ADULTS, BY TRADES, SELECTED COUNTRIES, SELECTED YEARS, 1945-55

| Trade or group of trades | France | | The Netherlands | | United Kingdom | |
|--------------------------------|---------|----------------------|-----------------|---------------------|--------------------|--------------------|
| | 1947 | 1954 | 1947 | 1955 | 1947 | 1955 |
| Total: Number | 11, 400 | ¹ 16, 332 | 3, 575 | ² 3, 864 | 39, 864 | 4, 266 |
| Percent distribution | 100. 0 | 100. 0 | 100. 0 | 100. 0 | 100. 0 | 100. 0 |
| Building trades | 82. 9 | 76. 9 | 49. 4 | 41. 0 | ³ 89. 9 | ³ 11. 3 |
| Metal trades | 17. 1 | 14. 9 | 49. 4 | 58. 8 | ⁴ 1. 6 | ⁴ 50. 9 |
| Other | | 8. 2 | 1. 2 | 0. 2 | 8. 5 | 37. 8 |

| Trade or group of trades | Belgium | | Germany (Federal Republic) ⁵ | |
|---------------------------------------|------------------|------------------|---|---------|
| | 1945-47 | 1955 | 1953 | 1955 |
| Total: Number | 2, 500 | 1, 792 | 33, 551 | 35, 710 |
| Percent distribution | 100. 0 | 100. 0 | 100. 0 | 100. 0 |
| Building trades | 39. 4 | 42. 9 | 6. 2 | 2. 3 |
| Metal trades | 27. 6 | 19. 3 | 16. 8 | 15. 9 |
| Woodworking trades | 9. 8 | 12. 9 | | |
| Textile and clothing trades | 7. 0 | 2. 1 | 5. 6 | 7. 7 |
| White-collar occupations | (⁶) | (⁶) | 58. 9 | 62. 1 |
| Other | 16. 2 | 22. 8 | 12. 5 | 12. 0 |

¹ Includes persons who completed training but did not receive a certificate.
² Includes persons receiving institutional training.
³ Includes building and civil engineering trades.

⁴ Includes engineering trades.
⁵ Data are for fiscal years and do not include West Berlin.
⁶ Not available.
SOURCE: See table 8.

published in 1960 but prepared several years earlier, commented in its section on the Netherlands that “as yet Government Training Centers do not provide any training arrangements for women.”³⁷ One of the Dutch officials

whom I interviewed informed me that, in fact, women were eligible for the training programs in the Netherlands but that very few enrolled. It will be recalled that the percent of women in the labor force in the Netherlands is relatively low (table 5). This appears to reflect to a considerable extent the strong traditional Dutch attitude

³⁷ *Accelerated Vocational Training . . .*, op. cit., p. 427.

that woman's place is in the home, rather than any especially unusual characteristics of the structure of industry in Holland. It might be added that although employment in construction and in manufacturing, particularly in metal products industries, increased throughout the fifties, so also did employment in the trade and service industries, where women tend to be employed in substantial numbers.

The French situation has been somewhat different. There was a limited amount of training for women in such trades as textiles, nursing, and clerical work—apparently conducted chiefly in special (subsidized) centers and not reflected in the statistics for the Government training centers—in the early postwar period, but it will be recalled that a decree of January 11, 1949, provided that in the future only those centers for vocational training that were preparing workers for priority occupations (i.e., metallurgy and building) would be subsidized by the Government. In the middle fifties, this policy was relaxed, and there has been some training in such predominantly female occupations as ladies' clothing workers and stenographers in recent years, but on a limited scale.

Diversified Training in West Germany.—The earliest detailed statistics I have been able to obtain for West Germany relate to the fiscal year 1953, but this does not mean there was no retraining activity earlier. I was informed by West German officials that in the early years of retraining activity, there was substantial emphasis on training for the building trades, as in other countries, but that, as the shortage of building trades workers began to be overcome, increasing relative

emphasis began to be placed on training in the metal trades for men, on training for the textile and clothing industries for women, and on training for a wide variety of white-collar service occupations for both sexes. By the fiscal year 1953, as table 10 indicates, three-fifths of those who completed training during the course of the year were trained for white-collar occupations—chiefly, typing, shorthand, accounting, and sales work. Unlike the situation in other countries, moreover, female trainees were about as numerous as male trainees. Among 33,551 persons who completed training in 1953, 17,601 were men and 15,950 were women, while in the 3 following years more than half of those completing training were women.

In creating opportunities for the training of unemployed women, the German labor market authorities were responding to a situation in which unemployment among women had increased sharply following the currency reform. Between May 1948 and March 1950, the number of women registered at labor exchanges as unemployed rose from approximately 110,000 to 490,000. Some of these women were widows, others were married women who decided to enter the labor force once the currency reform had put an end to the unsettling labor market effects of the previous inflationary period, and a good many were expellees or refugees. The increase in female unemployment was particularly large in Schleswig-Holstein, Hamburg, Lower Saxony, and Bavaria, where expellees and refugees tended to be concentrated.³⁸ Although employment of

³⁸ *Industry and Labour*, VI, Nov. 15, 1951, pp. 320-322.

women increased rapidly in the early fifties, there continued to be a substantial flow of women into the labor market from what the Germans referred to as the *stille Arbeitskraftsreserve* (secret labor reserve), and, in 1952, average annual female unemployment still amounted to 463,000. After that, the decline was fairly steady, but throughout the period from 1952 through 1957 the female unemployment rate was slightly higher than the male rate, according to the official figures.³⁹

The Special Case of Britain.—The story of the marked rise in the number who were trained in Britain between 1945 and 1947, the subsequent sharp decline, and the sudden contraction of a large-scale program of training for the building trades following the severe winter of 1946-47, is a particularly interesting one.

Britain emerged from the war, as we have seen, with an employment policy which was to include substantial emphasis on measures to stimulate labor mobility as well as on fiscal and monetary policies aimed at full employment. Plans were developed for a rapid expansion of the number of Government training centers, and it was anticipated that training for the building trades would be provided on a particularly large scale during the early postwar years. In fact, a special Government report on training for the building industry, issued in 1943, pointed out that there would be a large deficiency of building trades workers, which could not be ameliorated by normal methods of recruitment and apprenticeship, and proposed a short-term plan for special training of up to 200,000 men under

the auspices of the Ministry of Labour and National Service during the first 3 or 4 years of the postwar reconstruction program. The plan was to be based on the principle that the industry must fully participate, both centrally and locally, in the administration of the schemes of training and the selection of trainees.⁴⁰ In a speech at Aberdeen in the fall of 1945, the Minister of Labour and National Service announced that a plan had been worked out in consultation with the National Joint Council of the Building Industry under which suitable candidates would be given 6 months of training at the Government training centers, followed by 14 months of training with an employer. Trainees would receive the usual training allowance at the Government centers and then during the 14 months of employer-sponsored training would be paid by the employer at special rates, which were evidently to be somewhat below the normal rates for skilled workers, with the employers' payments to be subsidized by the Government.⁴¹

In fact, the number of training centers increased rapidly, from 17 at the end of the war to 77 at the end of 1946, by which time there were approximately 25,700 trainees enrolled in the Government centers. In addition, approximately 3,800 were being trained under Ministry of Labour programs at technical colleges, another 1,000 in employers' establishments, and 295 in special residential training centers for the disabled.⁴² Interestingly,

³⁹ *Ministry of Labour Gazette*, LI, March 1943, pp. 35-36.

⁴¹ *Ibid.*, LIII, September 1945, pp. 156-157.

⁴² *Ibid.*, LV, February 1947, p. 46.

³⁹ *Ein Jahrzehnt Bundesanstalt . . .*, op. cit., p. 21.

also, 30,283 persons had been accepted for training and were on a waiting list pending assignment to a center. Of those in the Government centers in the fall of 1946, 87 percent were being trained for the building trades, and, as table 10 indicates, 90 percent of those who completed training in 1947 were trained for these trades.

However, the construction program was being held back at various points by shortages of building materials, and during the unusually severe winter of 1946-47, unemployment among building trades workers was substantial. Widespread complaints arose among the workers over a Government policy of adding to their ranks through training in the midst of unemployment, and, as a result of pressure from the union representatives on the National Joint Council, the Ministry of Labour and National Service agreed to limit training in the building trades to the disabled—a policy which continued from that time on until very recently.⁴³

The effect on the Government training centers was dramatic. The number of persons enrolled at these centers fell from approximately 25,700 at the end of 1946 to 19,300 at the beginning of June 1947. By the end of 1947 it was down to 4,200, and many of the centers had been closed.⁴⁴ The decline reflected primarily a sharp contraction in the number of able-bodied persons admitted to the centers, but there was also a gradual decrease in the number

of disabled persons enrolled (appendix table A-3).

The situation in the building trades was not the only reason for the contraction in the number of centers operated by the labor market authorities. The annual report of the Ministry of Labour and National Service for 1947 indicated that "under prevailing national circumstances" training in the vocational training schools had to be restricted "in many directions." Shortages of raw materials prevented the extension of training facilities for trades other than building, and the four Government centers at which the Ministry had provided coal mining training, as well as the Mines Mechanization Center at Sheffield, were transferred to the National Coal Board.⁴⁵

The problem of union restrictionism in Britain has not been confined to the building trades. It has prevailed to a certain extent, also, in the engineering trades, particularly in the areas of higher unemployment in Northern England and Scotland, as well as in other trades. Until very recently, when agreements were renegotiated to pave the way for an expansion of

⁴³ Much of my information on this episode is based on interviews with Ministry of Labour officials.

⁴⁴ The data have been compiled from the statistics which were regularly published during this period in the *Ministry of Labour Gazette*.

⁴⁵ *Ministry of Labour Gazette*, LVI, November 1948, pp. 374-375. The report also indicated that during the year 1947 about 70,000 were trained at the Government training centers. This is a substantially larger number than the figure of 39,864 for persons completing training in that year (as shown in table 8), which was supplied to me by Ministry of Labour officials whom I interviewed in London in December 1963. The large difference may indicate that a substantial number of persons left the centers without completing their training during the course of the year. It probably also reflects the fact that coal mining trainees are included in the 70,000, but not in the figure supplied to me.

training in the Government centers, there were, I was informed, unpublished agreements between the Ministry of Labour and industry representatives, limiting training in a number of trades to the disabled, or to the disabled and ex-service personnel.

These unpublished agreements in some cases probably took the form of amendments to a whole series of agreements which were negotiated shortly after the war in various activities and which were summarized in the *Ministry of Labour Gazette* during the fall of 1945 and in 1946 and 1947. Among these activities were cotton spinning and weaving, nursing, leather, pottery, furniture manufacturing, tailoring, boot and shoe repairing, brickmaking, and hairdressing. The agreements varied in detail, calling in some cases solely for employer-sponsored training, and in other cases for an initial course of training in a technical college or Government training center, followed by a period of employer-sponsored training. In the furniture manufacturing industry, for example, the initial training was to be given normally at a Government training center and to vary in duration, lasting 26 weeks for wood finishing, mat-tressmaking, and chair and framemaking, 28 weeks for wood machinery work, 30 weeks for cabinetmaking, and 36 weeks for upholstery. Trainees would receive the usual Ministry of Labour training allowance during this period, which would be followed by 24 weeks of employer-sponsored training in a firm at the "appropriate minimum rate of wages."⁴⁶

⁴⁶ *Ministry of Labour Gazette*, LIV, June 1946, p. 144.

Under some of these agreements, a wage slightly lower than the appropriate skilled worker's minimum rate was stipulated for the period of employer-sponsored training, and in some cases the wage paid by the employer was to be partially subsidized by the Ministry of Labour and National Service. In boot and shoe repairing, for example, the employer was to receive a "training fee" of 10s. a week for the first 3 months of the training period and 5s. a week for the next 3 months, subject to the employer's undertaking to train the workers and retain them in employment for at least 12 months after the termination of Government financial assistance.⁴⁷

In certain cases, the agreement stipulated that the number of trainees was to be "related to the opportunities for employment," and in others a definite maximum number of trainees was agreed on for the first year, e.g., 600 in gentlemen's or combined ladies' and gentlemen's hairdressing and 400 in ladies' hairdressing.⁴⁸ In boot and shoe repairing, the summary of the agreement stated that the total number to be trained was estimated at 500 for the first year but that the matter would be reviewed at quarterly intervals by the Ministry and the Wages Council.⁴⁹

Of interest in relation to the American problem of relatively heavy unemployment among persons with a very limited educational background is another British development of this period, the establishment of the National Institute of Houseworkers under the auspices of the Ministry of Labour

⁴⁷ *Ibid.*, LIV, July 1946, pp. 183-184.

⁴⁸ *Ibid.*, LIV, September 1946, p. 246.

⁴⁹ *Ibid.*, LIV, July 1946, pp. 183-184.

and National Service. The objective was to raise the prestige of domestic employment and to attract more workers into this occupation. Training in domestic work would be arranged by the institute, either in technical institutions or in training centers specifically set up for the purpose by the institute. Those completing the courses would receive certificates of efficiency, and it was expected that they would be placed either in private employment or with the Home Helps Service (equivalent to homemaker services in the United States) which was then being developed by local authorities. Courses were to be 6 months in duration for women and girls over 17 years old. In the case of girls under 17, the courses were to be 9 months in duration and were to be followed by a period of 12 months, or up to 18 years old, of practical experience in a selected household, at the end of which the certificate would be granted. Training allowances were to be paid by the institute at the same rates as under the regular Ministry of Labour Vocational Training Scheme, and the institute also was to lay down minimum rates of wages which employers hiring certificate holders and prediploma workers would be expected to pay.⁵⁰

During the early fifties, the number of persons enrolled in training programs under the auspices of the Ministry of Labour continued to show something of a tendency to decline, although there were fluctuations upward and downward from year to year.

Moreover, throughout this period the number of disabled enrolled in the programs exceeded the number of able-bodied persons. It is apparent, also, that the number of male trainees greatly exceeded the number of female trainees throughout the first postwar decade (appendix table A-3), and that the women were enrolled chiefly in courses in technical and commercial colleges rather than in the Government training centers. As time went on, more over, even those enrolled in courses in the technical and commercial colleges, among both men and women, were predominantly the disabled.

So far as I have been able to determine, in none of the continental European countries included in this study has union restrictionism played anything like the role that it has played in Britain in limiting the scope of retraining. In general, the various labor federations on the Continent have vigorously supported the government training programs and have been the chief pressure groups in favor of their expansion. I shall have more to say about their role in this respect in the next two chapters. There seems to be general agreement among informed persons, moreover, that it is the narrow craft organization of the British union movement which primarily accounts for the restrictionist attitude of British labor.⁵¹ Here and there on the Continent, particularly, for example, in the printing trades, one finds evidence of a restrictionist attitude toward training,

⁵⁰ Ibid., LIV February 1946, p. 45; LIV, August 1946, p. 213; and LV, August 1947, p. 225.

⁵¹ For a useful discussion of the organization of unions in Britain, see Arthur M. Ross, "Prosperity and British Industrial Relations," *Industrial Relations*, II, February 1963, pp. 63-94.

but the national federation leaders have strongly supported retraining programs. Moreover, it must be kept in mind that, even when there was substantial unemployment on the Continent, as in Belgium, West Germany, and Italy during parts of the fifties, there were shortages in the occupations for which workers were being trained. In fact, in West Germany and Italy, aggregate demand and employment were expanding rapidly, even though there was substantial unemployment.

DURATION OF COURSES

The concept of "accelerated vocational training" for adults has strongly influenced methods of training and policies relating to the duration of courses throughout Western Europe during the postwar period. The principles and methods of accelerated vocational training, particularly in France and Italy, but also to a certain extent in other countries, have been modeled after methods developed by Carrard in Switzerland. In France, they were also strongly influenced by the similar approach of the National Institute of Pedagogy, based on the general principles of pedagogy advocated by the French philosopher Descartes. The technical director of ANIFRMO has described the main features of these methods as follows:

(a) Complex operations should be broken down into their simple elements; (b) only one thing should be taught at a time, going from the simple to the complex;

(c) the work done should be confined to knowledge already imparted; (d) interest should be maintained, while avoiding fatigue; (e) the lesson should be carefully planned; and (f) coordination of theory and practice should be insured by making a single person responsible for instruction in both.⁵²

The methods used for accelerated training, as the same author has pointed out:

. . . are based on the very simple fact that those being taught are adults and not adolescents. The two groups cannot be treated in the same way: in particular, it is always unpleasant for a manual worker to feel that he is "back at school." Moreover, many of the trainees have been earning their living and some of them have dependents; it would therefore be unthinkable that they should be made to undergo a longer course of training than is absolutely essential. Even if they are paid unemployment benefits or a special wage during their retraining or advanced training, the sums offered could never be equivalent to a normal wage.

There is little question, moreover, that the duration of courses was related, to some extent, to provisions relating to the maximum duration of unemployment benefits, particularly where the trainee received his regular unemployment benefit (plus perhaps a modest supplement) rather than a

⁵² Rossignol, *op. cit.*, p. 9 n.

special training allowance during the course of training.

During the early years of the postwar period, courses lasting about 6 months appear to have been widely prevalent. However, in some countries, courses in some trades were even shorter. In Belgium, for example, the duration of courses varied from 3 months for tile-layers and masons to 6 months for such trades as carpenters, metal casters, and plumbers.⁵³ In the Netherlands, also, the length of courses varied among the different trades, ranging from a minimum of 12 weeks to substantially longer periods in the more difficult trades.⁵⁴ The Italian law of 1949 provided that courses should last not less than 2 months nor more than 8 months,⁵⁵ but those conducted by INAPLI for adults have had a uniform duration of 21 weeks. The courses for juveniles in Italy, however, have lasted from 1 to 2 years and have placed more emphasis on basic training than the adult courses.

In West Germany, the regulations (*Richtlinien*) issued by the BAVAVG in 1955, which to a certain extent simply regularized policies that had been in effect previously, provided that courses were not to exceed 13 weeks as a rule, but that in exceptional cases they could last up to 26 weeks.

In none of these countries was it claimed that trainees reached the level

of skilled workers who had been trained by more traditional methods by the time they completed the training programs, but there appears to be a good deal of evidence that, after periods of experience on the job ranging from, say, 6 months to a year, graduates of these courses were able to approach the level of skill and efficiency of experienced skilled workers. The British arrangements for subsidized employer-sponsored training periods to follow training in the Government centers, which have been described in the preceding section, gave explicit recognition to the fact that those completing courses in the Government centers could not be regarded as fully skilled workers until they had had further experience and training in a firm. In Italy, I was informed by the director of INAPLI that it was considered very important to make it clear to the adult trainees that the 21-week course of training would only give them a start and that their further training would come on the job. Moreover, all graduates of the training courses are enrolled in ANEACI (Association of Former Pupils), which sends out literature to former trainees for a period of 5 years and sponsors lectures and correspondence courses which will aid them in improving their skills and knowledge of current developments in their trades.

As time went on, the tendency in some of these countries was to provide for greater flexibility in the duration of courses and to introduce courses that exceeded 6 months in duration. In part, these changes were related to the introduction of a greater variety of courses, but they were also in-

⁵³ *Vocational Training for Adults in Belgium*, op. cit., p. 28.

⁵⁴ *Accelerated Vocational Training . . .*, op. cit., p. 431. It was reported in 1954 that the courses ranged from 5 to 12 months. See *Industry and Labour*, XI, Nov. 15, 1954, pp. 466-469.

⁵⁵ *Industry and Labour*, V, Nov. 15, 1949, pp. 398-404.

fluenced by experience, which indicated that some of the early courses were too short. However, this trend has been more pronounced in recent years than in the first postwar decade and will be discussed at greater length in the following chapter.

TRAINING ALLOWANCES

As suggested in chapter 1, one of the most important distinguishing characteristics of the training programs with which we are concerned, as contrasted with more traditional forms of adult education under either public or private auspices, is that the trainee is provided with income maintenance from public funds during the period of training, as well as relieved of any financial obligation for course fees. The only exceptions arise when the trainee is placed with a firm for a program of employer-sponsored training, but in such cases the public agency sometimes subsidizes the wage paid by the employer during the training period, as we have seen. Moreover, although this was not always true of the earliest postwar laws, the principle came to be followed in a number of countries that the allowance available during a period of training should be somewhat larger than the unemployment benefit for which the individual might otherwise qualify, in order to provide a financial incentive for the unemployed worker to enter a program of training rather than merely rely on his unemployment benefit until he found another job.

In Belgium, Italy, and West Germany, throughout the period under discussion, the trainee received unemployment benefits plus certain supplements during this period of training, but provisions for unemployment benefits differed widely among these three countries, and continue to show marked differences. Unemployment insurance benefits were very low, in relation to wages, in Italy and substantially higher in Belgium and West Germany.

In the Netherlands, in the middle fifties, a married male trainee received a training allowance that was equal to the unemployment benefit for which he would otherwise qualify, i.e., 80 percent of his former earnings.⁵⁶ Unmarried trainees received a training allowance which amounted to 70 percent of the minimum wage for an unskilled worker, a minimum which varied somewhat among five zones

⁵⁶ Under the unemployment insurance law of Sept. 9, 1949, a claimant who had worked at least 156 days in a particular industry received a so-called waiting allowance through a compulsory occupational scheme for a maximum period of at least 48 days, or longer if the particular occupational scheme permitted it. Persons who could not qualify for this benefit (but had worked at least 78 days in any occupation during the year preceding the beginning of unemployment) or who had exhausted their rights to a waiting allowance received an unemployment allowance for not more than 78 days if the claimant had previously drawn a waiting allowance, or 126 days otherwise. Both the waiting allowance and the unemployment allowance amounted to 80 percent of earnings for a person with dependents, 70 percent for an individual 18 years old or older who did not live at home, and 60 percent for other single persons. See *Industry and Labour*, III, Feb. 15, 1950, pp. 150-151.

throughout the country to allow for differences in the cost of living.⁵⁷

In France, which did not have an unemployment insurance system, but rather an unemployment assistance system paying relatively low benefits on a means test basis, training allowances were set at 50 percent of the minimum wage under the decree of November 9, 1946. The minimum wage in France, as in the Netherlands, varies somewhat by zones; it is highest in the Paris region.

The British policy relating to training allowances has remained largely unchanged throughout the postwar period, although the allowances have been increased from time to time in response to increases in wage levels and in unemployment benefits. There is a scale of flat training allowances which varies by age and sex and which was originally set in such a way as to be somewhat higher than the unemployment benefit (also a flat amount in Britain) but in general not higher than the wages likely to be received in the first employment after training.⁵⁸ In practice, I was informed by a Ministry of Labour official, the basic adult male allowance was set so as to equal the

minimum wage for an agricultural laborer in Scotland, which is one of the lowest minimum wages in the country under Britain's system of variable minimum wages established by more than 60 tripartite wage boards in various trades and industries.⁵⁹ In 1948, the allowance for an adult male trainee living at home was 70s., or about \$14 weekly at the prevailing exchange rate. The rate for an adult female was 57s., while rates for those 16 to 19 years old varied, by year of age, from 35s. to 55s. 6d. for boys and from 33s. to 49s. for girls. Rates for trainees living away from home were considerably lower, since lodging expenses were provided.

Nearly all these countries established systems of family allowances early in the postwar period, and, in general, a married trainee with dependents received family allowances (or, in some cases, special dependents' benefits) in addition to his basic unemployment benefit or training allowance. However, family allowances vary substantially from country to country and have tended to be considerably higher, relative to wages, in France, Belgium, and Italy than elsewhere. In general, moreover, in most of these countries a trainee was protected by health insurance, temporary disability or sickness insurance, and old-age and invalidity insurance, through special provisions similar to those under which an unemployed worker's social security protec-

⁵⁷ For a discussion of minimum wages in the Netherlands and their relation to wages for semiskilled and skilled workers, see B. C. Roberts, "National Wage Policy in The Netherlands," *Economica*, XXIV, August 1957, pp. 191-204; also J. P. Windmuller, "Postwar Wage Determination in The Netherlands," *Annals of the American Academy of Political and Social Science*, March 1957, pp. 109-122.

⁵⁸ See the summary of a statement made by the Minister of Labour and National Service in the House of Commons on June 14, 1945, relating to the policy governing the setting of training allowances, *Ministry of Labour Gazette*, LIII, June 1945, p. 93.

⁵⁹ On minimum wages in Great Britain, see R. L. Bowlby, "Union Policy Toward Minimum Wage Legislation in Postwar Britain," *Industrial and Labor Relations Review*, XI, October 1957, pp. 72-84, and Allan Flanders, "Wage Movements and Wage Policy in Postwar Britain," *Annals of the American Academy of Political and Social Science*, March 1957, pp. 87-98.

tion was maintained during a period of unemployment.

In general, also, these countries provided daily travel expenses for trainees living more than a certain minimal distance from the training center (e.g., 2 miles in Great Britain), as well as lodging allowances for those who had to live away from home during the period of training. Travel expenses were also provided for at least one round-trip in the case of those living away from home, and in some countries, certain provisions were made for expenses for other trips home at stated intervals.

Finally, various types of special supplements or bonuses, in some cases related to performance in the training program, were given trainees. In West Germany, the supplement was designed merely to compensate the trainee for expenses (e.g., for lunch) which the ordinary beneficiary of unemployment insurance would not necessarily incur. It was called *Taschengeld* (pocket money) and amounted to 2 DM (50 cents) a day.

Belgium provided a bonus of 4.50 Belgian francs an hour (about 9 cents) to trainees over and above their unemployment benefits and family allowances.⁶⁰ In addition, a trainee who had successfully completed a course of training and, a year later, could show that he had been employed at least 1 month in the occupation for which he

had been trained, was entitled to a bonus in kind not exceeding 250 to 800 Belgian francs (\$5 to \$16) in value depending on the length of the course. This bonus consisted of tools or working clothes which the trainee would need in his new occupation.

The French 1946 decree provided that the training allowance could be increased by a proficiency bonus, to be decided on by joint order of the ministers concerned, but I have found no other references to such a bonus, nor was such a provision mentioned by any of the French officials whom I interviewed.⁶¹ In the Netherlands, however, a bonus of 1.50 to 3.50 guilders a week (39 to 91 cents at exchange rates prevailing in 1955) was paid for particularly satisfactory work.⁶² Trainees who finished their courses were also given a free set of the tools they would be likely to need in their new trade.

In Italy, trainees under the Ministry of Labor programs received a flat supplement to the unemployment benefit, amounting to 200 lire a day (about 32 cents at exchange rates prevailing in 1955) for the worker and 60 lire per day for each dependent. Those who were not eligible for unemployment benefits or who had exhausted their rights to benefits received the 200 lire plus an additional 100 lire, as well as the 60 lire for each dependent.⁶³ These provisions, which were included in the 1949 Act on Placement of Unemployed Persons and Unemployment Assist-

⁶⁰ Under the 1945 act, this bonus was paid to those retraining at employers' establishments or in special centers, but not in all cases of collective training. However, through a series of amendments adopted in 1954 and 1955 the bonus was made payable to all trainees in collective centers. (See *Accelerated Vocational Training* . . . , op. cit., p. 104.)

⁶¹ For the text of the 1946 decree, see *Accelerated Vocational Training* . . . , op. cit., pp. 231-235.

⁶² *Industry and Labour*, XII, Nov. 11, 1954, pp. 466-469.

⁶³ *Legislative Series*, op. cit., 1949—Italy, 2-A.

ance, remain unchanged at present, but unemployment benefits have been adjusted upward with increases in the cost of living.

It should be noted that a number of these countries have an unemployment assistance system which provides benefits on the basis of need to persons who have exhausted their rights to unemployment insurance or are not eligible for unemployment insurance. Usually the benefits under such a system are somewhat lower than unemployment insurance benefits. Thus, in West Germany, for example, a trainee may be receiving unemployment assistance rather than unemployment insurance while pursuing his course of training. This was a particularly significant form of help for the many expellees and refugees who had not worked in West Germany and thus were ineligible for unemployment insurance. It also plays a significant role in the case of widows, divorcees, and separated women who find they must enter the labor market to support themselves and their children, if any. A number of the female trainees who were enrolled in training courses which I visited in West Berlin were women in this type of situation who were receiving public assistance while attending the course.

THE ROLE OF RETRAINING IN COMBATING UNEMPLOYMENT

Among the countries included in this study, Belgium, Italy, and West Germany experienced relatively severe un-

employment problems in the early 1950's (table 1). The unemployment rate in West Germany dropped rapidly during the first half of the decade, and by 1956 the labor market situation was regarded by Government officials, at least on the basis of the standards prevailing at the time, as one of full employment. Italy's unemployment problem was considerably more severe and tended to persist throughout the greater part of the 1950's. In Belgium, the unemployment rate was appreciably lower in the second half of the decade than in the first half, but it was not until the early 1960's that distinctly higher annual rates of growth and declining unemployment suggested that the problem of relative stagnation which had characterized the Belgian economy in the 1950's was being overcome.⁶⁴

In all three countries, the unemployment problem was partly structural, although the factors giving rise to structural unemployment were different in the three cases. What was the relative role of retraining compared with other government measures to combat unemployment in these three situations? This is a question of considerable interest in the United States, in view of

⁶⁴ For an analysis of the reasons for Belgium's slow rate of growth in the 1948-57 period, see A. Lamfalussy, *Investment and Growth in Mature Economies: The Case of Belgium* (London: Macmillan, and New York: St. Martin's Press, 1961). For careful studies of unemployment in Belgium, see Robert Leroy, *Signification du chômage Belge*, Belgian Office for Increasing Productivity (Brussels: 1962), and European Economic Community, Commission, General Directorate for Social Affairs *Le sous-emploi en Belgique* (Brussels: 1963, mimeographed).

the continuing debates over the relative roles of various types of policies to attack unemployment in this country, even though clearly the particular combinations of policies used in other countries would not necessarily be appropriate here. The discussion will be confined to a very brief summary of policies in Belgium and West Germany, where I was able to obtain more adequate information on the relative importance of various types of measures than in the case of Italy.

As suggested in chapter 2, the decline in unemployment in both of these countries was not attributable primarily to labor market adjustment policies but to favorable underlying economic developments, including the expansion of trade in Western Europe, and to fiscal and monetary policies aimed at stimulating investment and maintaining a high level of aggregate demand. Labor market adjustment policies also played a role, but retraining was not the most important of the measures employed in either country.

In Belgium, expenditures of the National Office of Employment on retraining (vocational readaptation) were relatively insignificant compared with expenditures for unemployment benefits and for employment of the unemployed on public works in the 1950's (appendix table A-4). The tendency was to increase expenditures on public works in recessions, but, as a Belgian trade union representative pointed out to me, increases in public works expenditures tended to lag in downswings and to reach their peak well after the onset of recovery.⁶⁵ For this

and other reasons, the efficacy of public works as a means of combating recessions came to be questioned.

Toward the end of the decade, wide recognition of the need for much more vigorous measures to stimulate the rate of growth led to a series of legislative enactments, including measures adopted in 1959 to exempt increases in the capital value of investments from taxation and to provide Government subsidies for loans at low interest rates to private investors. At about the same time, the Government began to place greater emphasis on planning at both the national and regional levels. These changes in Belgian policy occurred shortly after the Common Market agreement came into effect (at the beginning of 1958), and it is difficult to separate the effects of the two developments, but there has been a decided increase in both domestic and foreign investment in Belgium in the last few years. With tariff barriers rapidly disappearing in the six-country area, the establishment of large plants in Belgium has become economically far more feasible than in the early 1950's, when there was free access only to the limited Belgian market.

The 1959 legislation to stimulate investment was followed by employment legislation in 1961, which will be discussed in succeeding chapters. Measures to stimulate retraining under this 1961 legislation are largely responsible for the increase in expenditures for vocational readaptation which took place in 1961 and 1962 (appendix table A-4).

West German officials whom I interviewed were fairly explicit in evaluating the relative role of retraining in the program to combat unemployment.

⁶⁵ Interview with I. Lindemans, head of Research and Documentation Department, Belgian Confederation of Christian Unions.

First of all, they attributed the remarkable German recovery of the first half of the 1950's primarily to favorable underlying economic conditions and to Government policies aimed at encouraging private investment. Nevertheless, they indicated that labor market adjustment policies had played a significant role, in approximately the following order in terms of relative importance: (1) Resettlement assistance to expellees and refugees to enable them to move to the expanding industrial areas, particularly in the Rhineland, (2) loans at low interest rates to firms creating permanent jobs in areas of high unemployment, and (3) retraining. Policies aimed at stimulating the construction of housing were also of great importance in connection with the resettlement of the expellees and refugees. However, these were not regarded strictly as labor market adjustment policies, although the BAVAVG made substantial contributions to the *Länder* for housing construction in the early 1950's. It should be added that there were also substantial expenditures on public works.

One of the earliest moves of the Federal Government after the currency reform and the adoption of the constitution was the announcement, in February 1950, that funds amounting to 3.4 billion DM (\$850 million) would be made available in the form of loans and grants for a variety of programs aimed at combating unemployment and creating jobs.⁶⁶ The largest single portion was to be used for housing con-

struction, but substantial sums were also made available for: (1) long-term loans at low interest rates to firms and public agencies creating jobs in areas of high unemployment (the *Schwerpunktprogramm*), (2) public works expenditures of various types (the *Sofortprogramm*), (3) loans for the creation of jobs or the provision of housing for disabled war victims (under the *Lastenausgleichsgesetz*), (4) reconstruction measures in areas suffering from high unemployment, underemployment, or damage to agricultural property resulting from the war, and (5) job-creation projects and other forms of aid in areas bordering on the Soviet zone.

In connection with some of these programs, funds made available by the Federal Government were augmented by sums appropriated by the *Länder*. Work relief and other programs administered by the BAVAVG were financed partly by sums made available through the federal budget and partly through unemployment insurance funds. All told, the expenditures of the BAVAVG amounted to nearly 2.8 billion DM in its first year of operation, 1952-53, of which nearly 1.5 billion DM took the form of unemployment insurance benefits and aid to unemployed persons who were not eligible for unemployment insurance (appendix table A-5). The bulk of the remainder went for work relief programs and administrative expenses. Expenditures for retraining and related measures amounted to only 18 million DM. In the following years, expenditures for aid to the unemployed and for work relief programs tended to decline along with the fall in the unemploy-

⁶⁶ See Federal Ministry of Labor and Social Policy, *Der Arbeitsmarkt in der Bundesrepublik Deutschland* (Stuttgart: W. Kohlhammer Verlag, 1916), and *Ein Jahrzehnt Bundesanstalt . . .*, op. cit.

ment rate. Meanwhile, expenditures for retraining and related measures tended to increase but remained a very small percent of total expenditures of the BAVAVG throughout the 1950's.

Thus, in both the Belgian and German cases, expenditures for retraining were almost insignificant compared with spending for unemployment insurance, public works, and other types of aid to the unemployed. The experiences of the two countries have been discussed only to provide a clear picture of the relative role of retraining and to dispel any impression, particularly in the case of West Germany, that retraining was a leading factor in the recovery program. There is no intention of suggesting that the particular "mix" of labor market adjust-

ment policies in either country was necessarily appropriate. The West German case does, however, bring out an important point in relation to the role of retraining in a serious unemployment situation and one that has been too often neglected in American discussion, i.e., that it takes a substantial amount of time to develop the courses and recruit the instructors needed for a sizable retraining program. There is every indication that the BAVAVG attached great importance to retraining and that expenditures for this purpose would probably have been relatively larger in its early years of operation had the instructors and facilities been available. We shall return to this point in the concluding chapter.

4

RETRAINING IN TIGHTER LABOR MARKETS, 1955-64

IN THE tighter labor markets that have prevailed in recent years, the need for retraining programs to improve the employability of the unemployed has markedly diminished. Moreover, the supply of retrainable unemployed workers has largely dried up, not only because of the drop in the unemployment rate but also because in a period of minimal unemployment the unemployed tend to consist, to a considerable extent, of persons who are relatively unsuitable for retraining, in view of their age, physical or mental condition, or a combination of these factors.¹ As a result, in some of the countries in which the programs are still largely confined to the unemployed and disabled—e.g., West Germany and the Netherlands—the number of trainees has tended to decline quite sharply as unemployment has decreased.

¹ There have been special surveys of the characteristics of the unemployed, or of the long-term unemployed, in several countries in recent years which have provided clear evidence on this point. A British survey, conducted in August 1961, indicated that 59 percent of the men claiming unemployment insurance were judged by employment officials to be difficult to place because of age or physical condition. Moreover, 95 percent were considered either to be unsuitable for training of any kind or to have

reasonable prospects of placing without it. Results for single women were similar, but among married women about half were considered good placing propositions, and the proportion considered unsuitable for training was considerably smaller. See *Ministry of Labour Gazette*, LXX, April 1962, pp. 131-137.

A Swedish survey of the long-term unemployed in 1957 indicated that 51 percent were handicapped, and an additional

Continued on next page

In no country included in this study, however, have the programs been discontinued, and even in West Germany and the Netherlands the number being retrained each year is by no means negligible. In fact, the usefulness of retraining programs as a means of combating shortages of workers with particular types of skills or training under tight labor market conditions has come to be increasingly recognized, and a number of countries have adopted changes in policies aimed at increasing the scope of the programs and making them more effective instruments for combating labor scarcities. In some countries—e.g., Belgium and France—such steps have had a considerable effect in increasing the numbers enrolled, and in Great Britain a significant increase has taken place during the course of 1964.

The outstanding example, however, of a country which has managed to bring about a sharp increase in the number of persons enrolled in government retraining programs in recent years is Sweden. The present policy of the Swedish Government aims at retraining 35,000 workers annually, or about 1 percent of the labor force, year in and year out, and the latest avail-

16 percent found it difficult to leave their home communities (where job opportunities were evidently limited). See *Industry and Labour*, XXI, May 1, 1959, pp. 332-334.

Belgian data for June 1963 indicated that three-fourths of the men and nearly half of the women who were wholly unemployed were 50 years old or older, while 85 percent of the men and 60 percent of the women were judged to have reduced capacity for work. See National Office of Employment, *Recensement annuel des demandeurs d'emploi: chomeurs complets à fin juin 1963* (Brussels: 1963).

able statistics indicate that the program has been expanded to the point at which this goal is being approached. In the United States, 1 percent of the labor force would amount to some 700,000 to 750,000 workers, or a vastly greater number than the 103,000 trainees who were admitted to training in 1963 under the Manpower Development and Training Act.²

The emphasis on rapid growth of the economy which has become increasingly apparent in the last decade or so in Western Europe, has much to do with the desire to emphasize retraining and other labor market adjustment policies. The unprecedentedly high growth rates achieved in a number of countries in the first half of the fifties has led to a general raising of growth goals on the Continent and to markedly increased concern about growth in the United Kingdom, where the rate, as we have seen, has lagged.

Particularly in those countries, of which there are a number in Western Europe, where the labor force is increasing very slowly or not at all, the achievement of a rapid rate of growth depends on achieving a high rate of increase in productivity, which in turn depends partly on increasing and improving the nation's stock of capital equipment and partly on measures aimed at increasing the productivity of the labor force. Demand and supply factors are, of course, inseparably interrelated—Maddison, as we have seen, has stressed the role of expanding demand in stimulating a high rate of investment—but if we are considering

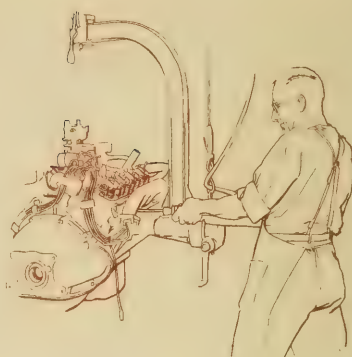
² *Manpower Report of the President*, transmitted to the Congress March 1964 (Washington, D.C.: U.S. Government Printing Office, 1964), p. 252.

the supply side of the equation, measures aimed at increasing labor productivity must be seen as playing a role of great importance in a program designed to increase the rate of growth.

Recognition of the need to keep pace in the growth and productivity race, moreover, has been strongly influenced by the reduction of trade barriers in the Common Market and also in the European Free Trade Association (the Outer Seven). Each country feels itself increasingly exposed to intensified competition in international trade and looks upon a high rate of increase in productivity as essential for economic survival. The Common Market is carrying out various policies designed to stimulate the mobility of labor and capital, e.g., through its social fund and investment fund, while member countries of the OECD have set themselves a collective 50 percent growth target for the decade 1961–70.

The rationale of increased emphasis on labor market adjustment policies has been articulated perhaps most explicitly in Sweden. As expressed by Professor Erik Lundberg of the University of Stockholm and Gösta Rehn, director of the Manpower and Social Affairs Division of OECD—and both early and prominent proponents of vigorous application of labor market adjustment policies in Sweden—the argument runs as follows:

A price must be paid to labor as an inducement to overcome the material and psychological costs of shifting occupations or places of work. But instead of the expansion hampering and inflationary method of changing wage differentials, more direct methods



must be used. These must take the form of compensation to the individual worker who takes the trouble to make a change in his vocational life in conformity with the changes in the economy's need for labor. The fluid labor market assumed in the old textbooks does not exist but must be created through an active labor market policy. This implies improved information and retraining facilities, cash payments to cover direct and indirect costs of geographical movements, subsistence during retraining periods, etc. Employers who are interested in attracting additional manpower often undertake some of these measures in order to avoid the dangerous consequences of changing wage differentials. However, because of the riskiness of the investment—employees recruited in this way are free to leave at any time—individual employers cannot be expected to adopt such measures to an extent that would satisfy all the economy's needs.³

³ Gösta Rehn and Erik Lundberg, "Employment and Welfare: Some Swedish Issues," *Industrial Relations*, II, February 1963, p. 6.

WHO CAN BE RETRAINED?

The basic dilemma involved in any attempt to emphasize public retraining programs in a tight labor market clearly stems from the drying up of the supply of retrainable unemployed persons. Nevertheless, as we have seen, a great deal of structural change is going on in Western Europe, and even in the absence of structural change, workers would engage in a certain amount of voluntary job shifting to improve their positions in the labor market. Moreover, in each country, though in varying degrees, there are regional differences in unemployment, as well as a substantial amount of underemployment among workers in marginal firms or industries and in depressed or relatively underdeveloped areas. The most serious problem of underemployment, in the countries included in this study, is found in southern Italy, but even in prosperous West Germany, one has only to get outside of the larger metropolitan areas to observe a good deal of poorly equipped, inefficient, peasant agriculture, in which farmers are deriving annual incomes far below those enjoyed by more prosperous sectors of the agricultural population or by the average industrial worker.

The problem, then, becomes to a considerable extent one of devising policies which will, so to speak, "catch" the worker in the act of undertaking a voluntary job shift, or of moving out of a position of underemployment, and attract him into a retraining program. Other significant sources of trainees are married women and young men

who have just completed their compulsory military training. Finally, workers employed in seasonal industries can enroll in training programs in the off season. Indeed, in a number of countries, a good deal of the training of building trades workers goes on in the winter and takes the form of converting laborers or other relatively unskilled persons into skilled workers.

The policy changes which have been adopted to meet these changing conditions have included liberalization of eligibility conditions, greater variety in course offerings, greater flexibility in the duration of courses, liberalization of training allowances, and greater emphasis on policies designed to encourage retraining for workers threatened with labor displacement, including new forms of subsidization of employer-sponsored training programs. By no means have all these types of changes occurred in all the countries we are studying, but practically every country has changed its policies in one or more of these directions.

LIBERALIZATION OF ELIGIBILITY PROVISIONS

The most important example of a decisive change in eligibility conditions in recent years is found in Belgium, where a law enacted February 14, 1961, created the basis for a new set of labor market policies and was followed by a series of decrees which gave more detailed expression to the

new policies.⁴ So far as the Government training program for adults was concerned, the most important change was the dropping of the requirement that an individual must be involuntarily unemployed to be eligible for a training program. This was accomplished through a decree of March 24, 1961, which established a new program of accelerated vocational training for adults which would operate alongside the existing program of vocational readaptation of the unemployed. Eligible for training would be:

1. Active workers, including employees and self-employed persons, at least 21 years old, who have been employed at least 2 years in the course of the 3 years preceding application for admission;

2. Workers at least 18 years old but less than 21 who fulfill one of the following conditions:

- (a) Have worked at least 12 months under a contract of work or apprenticeship;
- (b) Have been registered at least 12 months as a job-seeker;
- (c) After interruption of technical or vocational instruction or after the end of a contract of apprenticeship, have worked at least 6 months under a contract of work or have been registered at least 12 months as a jobseeker.

⁴For a discussion of the new policies, the texts of the law of February 14, 1961, and the subsequent decrees, see Ministry of Employment and Labor, *La politique de l'emploi* (Brussels: Imprimerie Clarence Denis, 1961).

3. Workers employed by an employer who requests, with the permission of the affected workers, their enrollment in a course of accelerated vocational training; and

4. The unemployed, who were already eligible for vocational readaptation.

Along with these changes in eligibility conditions went significant changes in the provisions for training allowances, which will be discussed in a later section, as well as a number of other changes which will be considered at appropriate points.

As we have seen, unemployment has not been a condition of eligibility in France since 1946, and many persons who have not experienced involuntary job separations enroll for training in France. In Britain, unemployment is not a legal condition of eligibility. But in practice, those who enroll tend to be unemployed, if they are not in the categories of disabled or ex-service personnel. The situation is similar in West Germany, where the regulations of the *Bundesanstalt für Arbeitsvermittlung und Arbeitslosenversicherung* (Federal Institution for Labor Placement and Unemployment Insurance) (BAVAVG) would permit the enrollment of an individual who was not involuntarily unemployed, but I was informed that this rarely happens in practice. Policies in the Netherlands appear to be much like those in West Germany.

In most countries, persons who are threatened with unemployment, or about to lose their jobs, are also eligible for retraining, but there are substantial variations in the extent to which such

provisions have been utilized. This question will be discussed more fully in the section on subsidized training in industry and the prevention of unemployment later in this chapter.

The case of Sweden is somewhat special. Although all adults have a right to attend retraining courses, eligibility for training allowances is legally restricted to the unemployed, but this requirement is stretched to include persons about to become unemployed, housewives wishing to return to the labor market, and certain other categories with employment difficulties, including middle-aged and older persons whose employability might be increased by retraining.⁵ Moreover, a means test is supposed to be applied in the granting of training allowances, but I was informed by officials of the National Labor Market Board that it is actually enforced only in the case of married women whose husbands might be presumed to have enough income to support them during the training period. France also provides allowances only on the basis of a means test in certain centers, particularly for clerical workers.⁶

⁵ See Organisation for Economic Co-operation and Development, *Labour Market Policy in Sweden; OECD Reviews of Manpower and Social Policies* (Paris: 1963), p. 55.

⁶ Organisation for European Economic Co-operation, *Accelerated Vocational Training for Unskilled and Semi-skilled Manpower* (Paris: 1960), p. 218. It should be noted that the U.S. Manpower Development and Training Act also distinguishes between referral for training, in which priority is granted to the unemployed, and eligibility for a training allowance, which is confined to unemployed heads of households with at least 2 years of work experience and youths at least 17 years old

Sweden does not impose upper age limits on admission to training, and, as we shall see, a special effort has been made to encourage the training of older persons. In general, however, a lower age limit of 21 is imposed, but this limit can be disregarded in the cases of disabled persons, unmarried mothers, young persons who are provided with training allowances by the Labor Market Board to permit their attendance at Government trade schools, and certain other categories.⁷ The suitability of an applicant for training is determined on the basis of scrutiny of his work history and a personal interview, but aptitude tests are used rather sparingly, chiefly for admission to training for highly skilled occupations.

In the last few years, there have been some interesting developments in several countries in connection with selection and referral for training. In

who need an allowance to undertake training. Members of households with unemployed heads are also eligible for allowances (provided not more than one member of a household receives an allowance at any given time), while members of farm families with less than \$1,200 annual income are treated as unemployed. See the text of the act, incorporating 1963 amendments, in *Manpower Research and Training, A Report by the Secretary of Labor*, transmitted to the Congress March 1964 (Washington, D.C.: U.S. Government Printing Office, 1964), pp. 187-188. [Ed. Note: Since Dr. Gordon completed this study, the Manpower Act of 1965, which became law April 26, 1965, has further amended the Manpower Development and Training Act of 1962, liberalizing the provisions with respect to amount and duration of training allowances and eligibility requirements for allowances.]

⁷ Until 1963, the lower age limit for adult training courses was 18.

Italy, the concept of selection in connection with vocational guidance and referral of young persons for training has been "superseded" by a concept of medical/psychological assistance and social service. This assistance is not to be confined to a single visit made at the time of admission of a young person to a vocational training course but takes the form of a series of contacts over a period of time, making it possible to follow the young worker's progress over the entire training period.

In Belgium, where selection tests have been used infrequently, as we saw in the previous chapter, special centers for observation and vocational selection have been in operation since the end of 1960.⁸ These centers carry out a program of prolonged observation—over a period of 8 to 10 weeks—of the performance of trainees in various vocational tasks as a means of determining whether the individual should be referred to a specific type of training, rather than relying on tests as a method of selection. Their approach appears to be somewhat similar to that used in multioccupational (prevocational) training programs under the Manpower Development and Training Act in the United States.⁹ First developed in connection with the training of a group of unemployed youths in an underdeveloped agricultural region, the method later came to be applied primarily to handicapped individuals. A similar approach has also been used in the retraining of the disabled in the

United Kingdom. In at least one center of this type in Belgium, however, a number of former miners who had lost their jobs as a result of the closing of mines, and who were not suffering from any substantial degree of physical handicap, but from psychological difficulties, were included in the program. All in all, 1,288 unemployed persons were enrolled in such centers in Belgium between December 1, 1960, and December 15, 1963, of whom 858 completed the prevocational program.¹⁰

Although one might suspect that this approach would be appropriate for older unemployed persons, the Belgians have hesitated to include persons over about 50 years of age in these centers because of the difficulty of placing older workers.¹¹

MORE VARIED TYPES OF TRAINING

Although greater variety in course offerings has been one approach to encouraging expansion of retraining in recent years, it has not been particularly important outside of France and Sweden (tables 11 and 12). In Belgium and the Netherlands, the great majority of trainees continue to receive training in the building or metal trades, but in both countries the relative importance of training in the metal trades

⁸ See Victor Martin, *Les centres spéciaux d'observation et de sélection professionnelle*, reprinted from *Revue du Travail*, October 1963.

⁹ *Manpower Research and Training*, op. cit., p. 80.

¹⁰ Martin, op. cit., p. 2.

¹¹ See the discussion of age limits in Belgium in the previous chapter, as well as some further comments on the problem of retraining older persons in Belgium in chapter 5.

has increased somewhat in recent years, and in the Netherlands the proportion trained for the building trades has shown a declining tendency.

In Italy, we must distinguish between vocational training for adults, which tends to be largely concentrated in the building trades, the metal trades,

TABLE 11.—TRAINEES IN GOVERNMENT-SPONSORED TRAINING PROGRAMS FOR ADULTS, BY TRADES OR OCCUPATIONS FOR WHICH TRAINED, SELECTED COUNTRIES, SELECTED YEARS, 1956-63

| Trade or occupation | France | | Germany (Federal Republic) | | Italy | United States |
|--|----------------------|----------------------|----------------------------|---------------------|----------------------|-----------------------|
| | 1957 | 1962 | 1956 | 1962 | 1962 | 1963 |
| Total: Number | ¹ 21, 266 | ² 26, 266 | ³ 37, 730 | ³ 4, 603 | ⁴ 13, 314 | ⁵ 119, 335 |
| Percent distribution | 100. 0 | 100. 0 | 100. 0 | 100. 0 | 100. 0 | 100. 0 |
| Building | 76. 3 | 65. 0 | 2. 1 | ..... | 38. 9 | 3. 0 |
| Woodworking and furniture . . . . . | ..... | ..... | ..... | ..... | 5. 2 | 1. 9 |
| Metal | 13. 8 | 21. 1 | 20. 0 | 26. 5 | 21. 8 | 19. 6 |
| Textile and clothing | 1. 0 | 1. 4 | 7. 5 | 8. 8 | 11. 0 | 3. 1 |
| Other skilled and semiskilled | 3. 7 | 2. 7 | ..... | ..... | 14. 3 | 15. 7 |
| Agricultural | 0. 4 | 0. 1 | ..... | ..... | 2. 2 | 2. 1 |
| White-collar | 2. 9 | 2. 1 | 52. 5 | 52. 2 | 0. 3 | 18. 5 |
| Clerical | 2. 9 | 2. 1 | 52. 5 | ..... | ..... | 16. 3 |
| Sales . . . . . | ..... | ..... | ..... | ..... | ..... | 1. 9 |
| Other . . . . . | ..... | ..... | ..... | ..... | ..... | . 3 |
| Service | 0. 4 | 0. 5 | 7. 0 | (⁶) | 5. 3 | 10. 6 |
| Hotel and restaurant . . . . . | ..... | ..... | 3. 6 | ..... | 5. 0 | 3. 6 |
| Hospital . . . . . | ..... | ..... | ..... | ..... | ..... | 1. 4 |
| Nurses aides . . . . . | ..... | . 2 | ..... | ..... | ..... | 3. 8 |
| Household . . . . . | ..... | ..... | ..... | ..... | ..... | . 1 |
| Other | . 4 | . 3 | 3. 4 | ..... | . 3 | 1. 7 |
| Professional, semiprofessional and technical | 1. 5 | 7. 1 | 1. 2 | (⁶) | 0. 2 | 7. 7 |
| Technicians | 0. 7 | 3. 0 | 1. 2 | ..... | ..... | 0. 5 |
| Draftsmen . . . . . | ..... | ..... | ..... | ..... | ..... | 1. 4 |
| Nurses | . 4 | . 2 | ..... | ..... | ..... | . 2 |
| Practical nurses | . 3 | ..... | ..... | ..... | ..... | 4. 0 |
| Other | . 1 | 3. 9 | ..... | ..... | ..... | 1. 6 |
| Other . . . . . | ..... | ..... | 9. 7 | 12. 4 | 0. 8 | ⁷ 17. 8 |

See footnotes at end of table.

TABLE 11.—TRAINEES IN GOVERNMENT-SPONSORED TRAINING PROGRAMS FOR ADULTS, BY TRADES OR OCCUPATIONS FOR WHICH TRAINED, SELECTED COUNTRIES, SELECTED YEARS, 1956-63—Continued

| Trade or Occupation | Belgium | | The Netherlands | | United Kingdom | |
|---------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| | 1956 | 1962 | 1957 | 1962 | 1957 | 1962 |
| Total: Number..... | ⁸ 1, 953 | ⁸ 2, 411 | ⁸ 2, 925 | ⁸ 1, 598 | ⁸ 3, 544 | ⁸ 3, 336 |
| Percent distribution..... | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| Building..... | 48.9 | 50.5 | 40.8 | 36.4 | ⁹ 8.5 | ⁹ 4.5 |
| Woodworking..... | 10.8 | 1.5 | (⁶) | (⁶) | (⁶) | (⁶) |
| Metal..... | 17.7 | 29.1 | 54.1 | 62.9 | ¹⁰ 48.0 | ¹⁰ 41.8 |
| Textile and clothing..... | 17.4 | 9.9 | (⁶) | (⁶) | (⁶) | (⁶) |
| Other..... | 5.2 | 9.0 | 5.1 | .7 | 43.5 | 53.7 |

¹ Includes total number of training places, November 1957.

² Includes those who completed courses at Government training centers, whether or not they received certificates.

³ Includes those who completed Government-sponsored training courses; data are for fiscal years and do not include West Berlin.

⁴ Includes only those enrolled in vocational training courses for adults.

⁵ Includes all persons for whom training was approved in 1963.

⁶ Not available.

⁷ Includes individuals in multioccupation projects.

⁸ Includes those who completed courses at Government centers.

⁹ Includes building and civil engineering trades.

¹⁰ Includes engineering trades (roughly equivalent to metal trades).

NOTE: Because of rounding, sums of individual items may not equal totals.

SOURCE: Official publications of ministries of labor; Organisation for Economic Co-operation and Development, *Accelerated Vocational Training for Unskilled and Semi-skilled Manpower* (Paris: 1960); and, in some cases, supplied to me by Government officials.

and certain other manual trades, and the courses for juveniles, which cover a much broader range of occupations and in which the great majority of trainees have been enrolled in recent years. The program for juveniles, which will be more extensively discussed in chapter 5, experienced an increase in enrollment from 159,000 in the fiscal year 1962 to 163,000 in fiscal 1963, while the number enrolled in the courses for adults fell from 24,000 in

fiscal 1961 to 13,000 in fiscal 1962. It is to this last group of adult trainees that the Italian data in table 11 apply, since comparison is being made with programs for adults in other countries.

In the United Kingdom the relative number of trainees in the miscellaneous group of occupations in recent years has increased, but these occupations are limited almost entirely to skilled manual trades, chiefly those in which workers are predominantly male. Although

the list of occupations in which training is offered has varied somewhat from time to time, according to a list recently published by the Ministry of Labour, among the 19 miscellaneous occupations in which training was of-

fered in Government training centers, no white-collar occupations and only two service occupations (canteen cooking and men's hairdressing) were included (see appendix B).

In West Germany, the occupational

TABLE 12.—PERSONS WHO ENROLLED IN GOVERNMENT-SPONSORED TRAINING PROGRAMS, IN 1960, BY TYPE OF TRAINING AND SEX, SWEDEN

| Type of training | Men | Women |
|--|---------------------|---------------------|
| Total: Number | ¹ 1, 131 | ² 1, 095 |
| Percent distribution | 100. 0 | 100. 0 |
| Professional and technical | 4. 3 | 7. 7 |
| Technical | 3. 9 | 5. 0 |
| Chemists and physicists | . 1 | . 2 |
| Health and hospital | . 1 | 1. 4 |
| Teaching | . 2 | . 5 |
| Other | | . 6 |
| Office | 2. 7 | 45. 7 |
| Sales | . 7 | 4. 4 |
| Farm and gardening | | . 1 |
| Forestry | . 1 | |
| Mining and stone | . 5 | |
| Transport and communication | . 2 | . 1 |
| Textile and clothing | . 5 | 18. 4 |
| Shoe and leather | . 1 | 1. 4 |
| Fine mechanical | 6. 5 | . 3 |
| Metal | 64. 7 | . 9 |
| Electrical | 8. 6 | . 3 |
| Woodwork | 5. 8 | . 1 |
| Painting and lacquering | 1. 1 | |
| Other building and construction | 1. 4 | |
| Other manufacturing | . 8 | 1. 7 |
| Machine and motor care | . 8 | |
| Household | . 2 | 17. 4 |
| Caretaking and housecleaning | . 6 | |
| Adaptation courses for the blind, etc. | . 4 | 1. 5 |

¹ Total who responded to a sample survey conducted in September 1962; the sample included every sixth man who started training in 1960, except that for those starting May-August, the sample included every third man.

² Total who responded to a sample survey conducted in September 1962; in the case of

women, all who started training in 1960 were included in the survey.

SOURCE: Royal Labor Market Board, *Undersökning Rörande Personer som Under År 1960 Påbörjade Yrkesutbildning för Arbetslösa, Arbetsmarknadsstatistik*, No. 2B, 1964 (Stockholm), p. 18.

distribution of trainees has not changed greatly in recent years, although I have been unable to obtain as detailed a breakdown as for the middle fifties. The majority of trainees continue to be enrolled in courses for white-collar workers, and in some years the number of women completing training has exceeded the number of men. It should be noted that the data in table 11 do not include West Berlin, which has had an extensive retraining program, but for which I was unable to obtain data on trainees by occupation. A particularly interesting aspect of the West Berlin program, which will be discussed more extensively in chapter 5, has been substantial emphasis on the training of older persons. As in the case of the Federal Republic, however, the number of persons completing training in West Berlin has declined substantially under the tighter labor market conditions of recent years, falling from about 5,600 in fiscal 1961 to approximately 3,300 in fiscal 1962. A list of the training courses offered in West Berlin in 1963 may be found in appendix C.

Local employment officers in West Germany sometime display considerable ingenuity in recommending types of training which will serve local labor market needs and at the same time increase the employability of groups of unemployed persons. In one instance cited to me, older women wishing to enter the labor market were trained to sell phonograph records, with successful results.

Training in France is somewhat more diversified now than in the early fifties, despite the continued emphasis on the building and metal trades. However, there has been a tendency

for the proportion of trainees completing building trades courses to decline somewhat, while those completing metal trades courses have increased relatively. Although some training is offered in white-collar and service trades, the proportion of trainees enrolled in such courses tends to be quite small. The most important change in France in recent years has been increased emphasis on training for technical occupations, which has been encouraged under the provisions of legislation enacted in 1959, to be discussed in the next section. Additional data on the numbers in various types of courses in France in 1962 and 1963 may be found in appendix table A-6.

The effort to bring about a marked expansion of retraining in Sweden dates from the appointment of Bertil Olsson as director-general of the National Labor Market Board during the recession of 1957-58. Earlier in the postwar period retraining had been to a considerable extent confined to the disabled, although a very small number of able-bodied unemployed persons had been retrained from year to year. In the initial stages of the recent effort, retraining was chiefly in the metal trades, but as time has gone on, course offerings have been greatly diversified and there has been strong emphasis on providing training for women as well as men. The proportion of women among those starting training increased from 17 percent in 1959-60 to 43 percent in 1961-62.¹²

Although the Swedish Labor Market Board does not regularly publish de-

¹² Ingeborg Jönsson, *Vocational Training of Middle-aged Female Labour*, translation of an article in *Arbetsmarknaden*, No. 7, 1962 (Stockholm: mimeographed, 1962).

tailed data on the distribution of trainees by types of training, the statistics in table 12, which are based on a follow-up survey of persons who started training in 1960, provide an indication of the situation in recent years. The contrast between the types of training for the two sexes are striking, with the men enrolled predominantly in courses of training for the metal and building trades, while the women were chiefly enrolled in training classes for white-collar and service occupations. We shall have more to say about the courses for youth, women, and older persons in chapter 5. A detailed list of courses offered and planned in Sweden in 1962 may be found in appendix D.

For purposes of comparison with the European data, I have included statistics relating to trainees approved for training up to the end of 1963 in the United States. (See table 11.) In the wide range of occupations for which individuals are being trained, American policies resemble those of West Germany and Sweden more than those of the other countries included in this study.

TRAINING FOR TECHNICAL OCCUPATIONS

One of the questions which has received increased attention in Western Europe in recent years has concerned the role of retraining programs in providing training for technical occupations, such as technician, industrial designer, and draftsman, in which marked labor shortages have developed under the impact of technological

change. Numerous problems are involved in attempting to include training of this type in a government retraining program: (1) Unemployed persons typically lack the educational background required for such training; (2) training allowances which may suffice for an unskilled worker wishing to upgrade himself will not be large enough to provide a financial incentive for retraining to a person who would be qualified for highly technical training, particularly in a tight labor market; (3) courses must last longer than the usual type of retraining course; and (4) some types of highly technical training, e.g., electronic technician, require equipment which is not only expensive but tends to become obsolescent quite rapidly.

Moreover, an attempt to include this type of training in a retraining program is not invariably considered desirable. In Belgium, I encountered opposition to such a policy on the part of management, labor, and Government representatives alike, all of whom expressed the opinion that such training should be confined to the technical schools, of which Belgium has a large number—either publicly operated or heavily subsidized by the Government.

In France, on the other hand, a feeling that the technical schools were not adapting their programs to technological change rapidly enough evidently had something to do with the decision to emphasize technical training in the Government training centers. In any event, France is the one country which has adopted special legislative provisions designed to encourage such training in its retraining program. Under the *Loi de Promotion Sociale* (law of social development) of July 31, 1959,

and subsequent decrees, a category of "second-degree" training was created, which includes such occupations as technicians, draftsmen, chemists, physicists, construction supervisors, and training instructors.¹³ Enrollees receive an *allocation complémentaire* (supplementary allowance), which brings their total training allowance up to 80 percent of their former resources (i.e., generally earnings, plus family allowances, if any).

Even before the law of 1959 was enacted, tentative steps had been taken in this direction. As early as 1947, courses for the training of construction designers and supervisors had been started at centers in Colmar, Toulouse, Meaux, and Paris, and in 1957 a pilot program for training electronic technicians was initiated in the center at Champs, a suburb of Paris.¹⁴

There is a lower age limit of 21 for admission to this type of program, and admission tests are more difficult than for the so-called first-degree training programs. Even so, an inadequate background in mathematics does not necessarily rule out a candidate, since trainees for technician jobs are given 3 months of preliminary training in mathematics if they need it, and then go on to the regular training program which lasts 11 months. According to M. Simon, the director-general of *Association Nationale Interprofessionnelle pour la Formation Rationnelle de la Main d'Oeuvre* (National Associa-

tion for the Rational Training of Manpower) (ANIFRMO), some of the trainees in these programs come from industrial firms, but the majority come from technical schools without intermediate experience in industry. He commented that relatively few workers in industrial firms have an adequate level of education for this type of training. Trainees are chiefly single and tend to be about 22 years of age. This is attributable in part to the fact that these more technical training programs are concentrated in a few centers, recruiting their trainees from various parts of the country, and single persons are more likely to be willing to undertake training at a considerable distance from their homes. Moreover, graduates of these programs tend to find jobs away from their home areas. Although the trainees are chiefly male, I observed a few young women in some of the technical classes when I visited the center at Champs.

Despite the absence of special provisions designed to encourage it, technical training is provided to a certain extent in Government retraining programs in West Germany, Italy (for young persons), Sweden, and the United Kingdom. West Germany has a well-known course in which engineers are trained for the electronics industry in Dortmund, but the regulations of the BAVAVG on the duration of courses have had to be stretched to provide for it. Normally, as we saw in chapter 3, courses are limited to a maximum of 13 weeks in duration, but may be extended up to 26 weeks in exceptional cases. Extension beyond 26 weeks requires special permission of the president of the BAVAVG. In the case of the Dortmund course, however,

¹³ See *Revue Française du Travail*, XIII, July–September 1959, pp. 3–31.

¹⁴ La Confédération Générale du Travail: Force Ouvrière, *La formation professionnelle en France*, Bulletin d'Information du Bureau d'Études Économiques et Sociales, No. 10, November 1963 (Paris), p. 44.

the training is given in a sequence of two successive 26-week courses. Trainees come from all over West Germany and must have an adequate background in mathematics. Among unemployed persons who have qualified for this program, according to officials of the BAVAVG, have been individuals who had passed the first but not the second juridical examination, economists who couldn't find jobs in their field, veterinarians, musicians, and former soldiers. However, the scarcity of individuals with adequate education among the unemployed, the limitation on the duration of courses, and the fact that trainees receive only unemployment benefits plus a small supplement have proved obstacles to expansion of this type of program. When I was in Nuremberg in the summer of 1963, revised regulations which would attempt to get around these problems were under discussion, but there was some question in the minds of BAVAVG officials as to whether highly technical training should be the responsibility of an agency which was concerned primarily with the problem of unemployment.

Swedish officials have also been concerned with the question as to whether special provisions should be adopted to encourage technical training, recognizing that the limitation of eligibility for training allowances to the unemployed (with certain exceptions) and the policy of providing flat allowances militate against attracting trainees who would be qualified for such training. However, there would apparently be opposition to earnings-related training allowances from groups who consider the flat allowances to be more egalitarian.

LIBERALIZATION OF TRAINING ALLOWANCES

A trend toward liberalization of training allowances has been apparent in recent years, although France is the only country which has adopted special allowances for technical trainees. Despite this trend, however, inadequate training allowances are considered to be an obstacle to expansion of retraining programs in a number of countries.

Much of the difficulty appears to stem from the policy of providing a flat allowance, rather than an earnings-related payment, in the majority of countries. Flat training allowances involve somewhat the same basic dilemma as flat unemployment benefits.¹⁵ An unemployment benefit which is set at an appropriate level for an unskilled worker—somewhat below what he could expect to earn if employed—may be so low in relation to the earnings of a skilled worker as to require an extraordinary reduction in his normal level of expenditure. In the case of training allowances, the practice of setting them somewhat above unemployment benefits has become generally accepted, and in several countries they are now equal to the minimum wage for an unskilled worker. Particularly under tight labor market conditions, allowances at this level are considered necessary to induce workers to enter training programs and stay in them until completion. Whereas unemployment benefits tend to be kept well be-

¹⁵ For a discussion of this problem in relation to unemployment benefits, see my *Economics of Welfare Policies* (New York: Columbia University Press, 1963), pp. 100-104.

low wages to discourage malingering, government officials are anxious to deter trainees from dropping out of training courses prematurely in order to take advantage of job opportunities that come their way. Nevertheless, an allowance which is appropriate for an unskilled worker who wishes to upgrade himself will tend to be too low to attract persons who are qualified for the more highly skilled and technical types of training. And even in the case of relatively unskilled workers, an allowance which is equal to the minimum wage may not prevent dropping out to take jobs paying considerably higher wages.

In West Germany, the provisions relating to training allowances have not been changed in recent years. A trainee continues to receive his unemployment benefit plus pocket money. Unlike the situation in a number of European countries, unemployment insurance benefits are earnings-related. Benefits as a percent of earnings vary inversely with wages, with the lowest paid workers receiving 90 percent and the highest paid workers 40 percent.¹⁶ On the average, in early 1963, a single beneficiary received 58.5 DM a week, or 56 percent of previous earnings, while a worker with a wife and two dependent children received, after the addition of flat dependents' supplements, 85.5 DM, or about 69.5 percent of previous earnings.¹⁷ Unemployed persons who are not eligible for unem-

ployment insurance or who have exhausted their rights to benefits, may apply for unemployment assistance, which is available on a means test basis, is unlimited in duration, and under which payments average about 10 percent less than unemployment insurance benefits. With the addition of the daily pocket allowance of 2 DM, the average German trainee who is eligible for unemployment insurance receives a benefit which is somewhat lower in relation to selected measures of earnings than in some other countries (table 13), but West Germany is the only country among those included in this study in which allowances for all trainees are earnings-related, and thus the trainee with previous earnings somewhat above average would tend to fare better than his counterpart in other countries.

In Italy, also, provisions for training allowances have remained unchanged from those already described, but the basic (flat) unemployment benefit has been adjusted upward for changes in the cost of living.

There have been a number of increases in the basic training allowance in the Netherlands and, under the most recent of these increases, effected in 1962, the allowance was made equal to the minimum wage for a grade three worker.¹⁸ Grade three includes occupations requiring only a few months of practical experience, such as baker's roundsman, driver, or metal sprayer. It stands above such low-paid and unskilled occupations as digger, porter, or deliveryman, while just above it, in grade three are such trades as hair-

¹⁶ There is an earnings ceiling, but it is not nearly as restrictive as the ceilings under most State unemployment insurance laws in the United States.

¹⁷ Data supplied by the Ministry of Labor, Bonn.

¹⁸ Royal Labor Bureau, *Jaarverslag* (The Hague: mimeographed, 1962).

TABLE 13.—TRAINING ALLOWANCES AS APPROXIMATE PERCENT OF WAGES IN SELECTED TYPES OF WORK, SELECTED COUNTRIES, 1963

| Country and type of trainee | Single man | | | Married man with wife and two children | | |
|---|------------------|--------------------|--------------------|--|----------------------------|-----------------------------|
| | Brick-layer | Fitter | Manu-factur-ing | Brick-layer | Fitter | Manu-factur-ing |
| Belgium..... | ¹ 79 | ¹ 85 | ² 75 | ¹ 82 | ¹ 87 | ² 78 |
| France: | | | | | | |
| Basic training rate..... | | ³ 50 | ⁴ 73 | | ³ 58 | ⁴ 78 |
| Trainees eligible for private unemployment insurance..... | | ³ 59-62 | ⁴ 86-91 | | ³ 65-68 | ⁴ 89-93 |
| Germany (Federal Republic): | | | | | | |
| Recipient of average unemployment insurance benefits..... | ⁵ 41 | ⁵ 42 | ⁶ 44 | ⁵ 60 | ⁵ 60 | ⁶ 63 |
| Italy: | | | | | | |
| Recipient of unemployment insurance benefits..... | ⁷ 22 | ⁷ 28 | ⁸ 18 | ⁷ 39 | ⁷ 48 | ⁸ 33 |
| Sweden..... | ⁹ 41 | ⁹ 53 | ¹⁰ 42 | ⁹ 46 (+rent) | ⁹ 58 (+rent) | ¹⁰ 47 (+rent) |
| United Kingdom..... | ¹¹ 59 | ¹¹ 70 | ¹² 45 | ¹¹ 72 | ¹¹ 84 | ¹² 55 |
| United States..... | ¹³ 21 | ¹³ 32 | ¹⁴ 35 | ¹³ [26] | ¹³ [41] | ¹⁴ [45] |

¹ Minimum hourly rates in Brussels, October 1962.

² Average daily factory earnings, men, March 1963.

³ Average hourly earnings, Paris region, October 1962.

⁴ Average hourly factory earnings, men and women, September 1963.

⁵ Average hourly earnings, October 1962.

⁶ Average weekly factory earnings, men and women, September 1963.

⁷ Prevailing hourly rate, Rome, October 1962.

⁸ Average hourly factory earnings, men and women, June 1963.

⁹ Minimum hourly rate, Stockholm, October 1962.

¹⁰ Average hourly factory earnings, men and women, September 1963.

¹¹ Minimum hourly rate, London, October 1962.

¹² Average weekly factory earnings, men, March 1963.

¹³ Regular training allowance (average unemployment benefit) in Illinois as percent of minimum wage rate for bricklayer or fitter in Chicago; higher percent in brackets for married men reflect the effect of the provision, adopted December 1963, for an addition of \$10 more to the weekly training allowance if needed because of family responsibilities or duration of the training program. In nearly a fourth of the States (including Illinois), unemployment insurance laws provide for small dependents' benefits but it does not appear that a trainee could receive both the \$10 supplement and the dependents' benefits.

¹⁴ Average regular training allowance in the United States as percent of average weekly factory earnings, men and women, December 1963; see comments in footnote 13 on percents in brackets.

NOTE: In countries providing family allowances, these allowances have been added both
Footnotes continued on following page.

Footnotes continued from page 71.

to training allowances and to wages in the percents in the right half of the table.

SOURCE: Data on training allowances are from official publications of the ministries of labor (or other relevant ministry) for each country or were supplied to me by government officials; data on family allowances are

from European Economic Community, *Étude Comparée des Prestations de Sécurité Sociale dans les Pays de la C.E.E.* (Brussels: 1962), and from U.S. Social Security Administration, *Social Security Programs Throughout the World, 1961* (Washington, D.C.: U.S. Government Printing Office, 1961); and data on wages are from *International Labour Review*, Statistical Supplement.

dresser, bricklayer, baker, and street mason.¹⁹ It will be recalled that in the middle fifties a married worker received an allowance equal to his unemployment benefit (80 percent of former earnings), while an unmarried worker received 70 percent of the minimum wage for an unskilled worker.

The 1962 increase in the training allowance may have been partly responsible for a modest increase in the number of trainees enrolled in Dutch training centers, which began in the fourth quarter of 1962 and continued during 1963. However, dropping out before completion of training continues to be a problem, particularly in cases in which a trainee finds he can take advantage of black wages in the construction industry.²⁰

The 1961 Belgian law, which liberalized eligibility for retraining, also provided for a training allowance which was related to minimum wages. (It will be recalled that under the previous policy the trainee received his unemployment benefit plus certain supplements.) The allowance was to equal

the wage fixed by the appropriate commission for the occupation for which the worker was trained, which varied somewhat by region, but was not to exceed 25.30 Belgian francs an hour, adjusted for changes in the retail price index.²¹ Interestingly, when I was in Brussels in August 1963, I was informed that the allowance was 25 BFr (50 cents) an hour, but that wages had risen to a point at which this was proving inadequate. When I returned to Brussels for a second visit in January 1964, I found that the allowance had been increased to 26.50 BFr (53 cents) an hour, and that for the moment at least, labor market officials considered it adequate. In the Charleroi area, for example, wages for an unskilled worker were 30 to 33 BFr an hour, and, if he trained to become a mason, he could expect to earn 40 BFr an hour. Many workers, I was told, did not regard the 26.50 BFr allowance as representing too much of a sacrifice for a training period of 4 or 5 months, with the prospect of an earnings increase of 7 to 10 BFr an hour awaiting them at the end of that period. Moreover, workers with dependents could receive family allowances, which are relatively high in

¹⁹ *Industry and Labour*, XIV, Nov. 11, 1955, pp. 402-404.

²⁰ This problem was mentioned by a number of persons whom I interviewed in The Hague in the late summer of 1963.

²¹ *La politique de l'emploi*, pp. 14-15.

Belgium, during the training period. The trainee is also eligible for a bonus, which varies from 900 to 1,800 BFr (\$18 to \$36) according to the length of the course, and which is paid partly in cash during the training period, and partly, either in cash or kind (i.e., tools or equipment), at the end of the course. Moreover, a bonus of 500 BFr (\$10) is payable to a worker who has completed a training program successfully and can show that, in the 12 months following the end of the course, he has worked at least 6 months in the occupation for which he was trained.²² As we shall see in chapter 9, this last bonus is clearly related to the policy governing reimbursement of member countries by the Common Market social fund (under which the member country receives 50 percent of the cost of retraining unemployed persons on the basis of the number employed in the occupation for which they were trained at least 6 months during the year following completion of training). The bonus is designed at least in part to encourage ex-trainees to reply to the followup questionnaires which are sent to them a year after completion of training.

Basic training allowances are equated to minimum wages in France. Although the decree of 1946 had stipulated an allowance equal to half the minimum wage for an ordinary laborer for trainees in Government centers, the allowance was gradually liberalized and by 1957 was equal to the minimum wage, which varies somewhat by re-

gion.²³ Early in 1964, it amounted to 1.882 Fr (38 cents) an hour in the Paris region. The weekly training period was 40 hours, except in the building trades, where the training period was 44 hours weekly, and an overtime rate was paid for the additional 4 hours. Household heads with dependents also received family allowances, which are comparatively high in France, as in Belgium.

Until relatively recently, France had no unemployment insurance system, but unemployment assistance was available on a means test basis. However, in 1958 an agreement was reached through collective bargaining by the chief employer and the labor federations, under which about 5 million French workers were to be entitled to unemployment insurance benefits amounting to 35 percent of wages.²⁴ The plan was to be financed by employer contributions amounting to 0.8 percent of wages and employee contributions of 0.2 percent, but with minimal unemployment in recent years, it has been possible to reduce these contributions. Compliance was made compulsory by a Government order of January 7, 1959 for all em-

²³ On minimum wage policies in France, see Adolph Sturmthal, *Contemporary Collective Bargaining* (Geneva, N.Y.: W. F. Humphrey Press, Inc., 1957), pp. 127-167 and "New Minimum Pay Standards for French Workers," *Monthly Labor Review*, 78, January 1955, p. 86. On training allowances in 1957, see E. Rossignol, *The Vocational Training of Adults*, reprinted from *International Labour Review*, October 1957, p. 18.

²⁴ *Industry and Labour*, XXI, January-June 1959, pp. 263-266. The number of persons covered by the plan amounted to about 7.6 million at the end of 1962.

²² *Ibid.*, p. 15.

ployers and workers in the industries affected by the agreement, which is administered by the *Union Nationale Interprofessionnelle pour l'Emploi dans l'Industrie et le Commerce* (UNEDIC).

Under a supplementary agreement adopted in November 1961, beneficiaries of the collectively bargained plan who enter a vocational training center receive, instead of the 35 percent, a flat daily training allowance, over and above the training allowance normally paid to trainees at the centers, amounting to 2.86 times the usual hourly training allowance during the first half of the period and 3.43 times that allowance in the second half of the period.²⁵ This brings the hourly training allowance in the first half of training to 2.554 Fr and the second half to 2.689 Fr. The addition has made a substantial difference to those eligible for it, as table 13 suggests.

However, labor representatives whom I interviewed in Paris commented that, although this arrangement worked well for individuals who had lost their jobs, the basic training allowance frequently offered an inadequate inducement for a worker who had not experienced an involuntary job separation (and thus was not eligible for the supplement) to enter ordinary first-degree training, particularly if he were married and had dependents. Although a married man with dependents would receive family allowances during training, his total compensation would still compare unfavorably, on the average, with his potential earnings plus family allowances. This

consideration, as well as the upper age limits on admission, may help to explain the decidedly youthful age distribution of trainees in the French training centers, to be discussed later, as well as the absence of any appreciable number of married men.

As we have seen, however, those enrolled in training of the second degree are entitled to a total allowance equal to 80 percent of their former resources, but in this case married men are likely to be deterred from participating by the necessity of leaving home to enter one of the few centers in which such training is offered.

The British Ministry of Labour has, in general, continued the policy which prevailed throughout the postwar period of equating the basic training allowance to the minimum wage for an agricultural laborer in Scotland. Allowances have been increased from time to time to keep pace with rising wage levels. In September 1962, however, training allowances were increased for men alone, while allowances for women were left unchanged.²⁶ This decision, I was told by a Ministry of Labour official, was made at a time when there was growing concern about labor displacement, or "redundancy," as the British call it, growing out of technological and structural changes. Since then, both men and women have received several increases, the most recent of which, effective December 1963, brought the basic training allowance for a man to 160s. (\$22.40) a week and for a woman to 127s. 6d. a week. A man with a wife and two dependent children under 16 years of age would receive

²⁵ Article 14 *bis* (*Avenant G* of Nov. 27, 1961—modified) of the UNEDIC agreement.

²⁶ See *Ministry of Labour Gazette*, LXX, October 1962, p. 387.

200s.²⁷ Allowances, however, are lower for young people than for adults, ranging under the latest schedule by one-year-of-age steps from 55s. at age 15 to 130s. at age 20 for a boy, and from 50s. at age 15 to 100s. at age 20 for a girl.

Despite the recent increases, dissatisfaction with the allowances paid in Britain is considerable in a number of quarters. The Trades Union Congress considers the allowances inadequate and has pressed for larger increases than the Government has been prepared to grant. The National Economic Development Council has suggested a policy under which allowances would vary by trade and area, as do minimum wages.²⁸ Such a policy, however, would pose a political problem for Members of Parliament representing areas in which allowances would be relatively low.

The fact that unemployment benefits, like most other social insurance benefits in Britain, are flat weekly amounts presents an obstacle to adoption of a policy of variable training allowances. However, the policy of flat social insurance benefits, which was strongly supported on egalitarian grounds in an earlier era, has come increasingly under question in recent

years under the impact of rapidly-rising wages and living standards. The whole question is now being extensively studied by the Ministry of Pensions and National Insurance, and the National Economic Development Council has pointed out that "there seems to be much to be said for the replacement of the existing National Insurance Scheme by a comprehensive wage-related contribution and benefit scheme."²⁹

In Sweden, flat training allowances are provided, even though unemployment insurance benefits are related to earnings. The basic training allowance is 410 SKr a month (about \$82) for an unmarried trainee, plus a rental allowance which varies from 85 to 125 SKr a month according to the local cost of living. In the case of married men, a wife's supplement of 55 SKr a month is available, as well as 45 SKr a month for each child under 16 years of age. A married trainee also receives a rental allowance equal to the rent actually paid, and, if he must undergo training away from his home area, he is entitled to an additional allowance for his own rent equal to that of an unmarried trainee. Moreover, the wife's allowance may be raised up to a maximum of 140 SKr a month if the husband must live away from home during the period of training. Family allowances are also provided, but these are relatively small in Sweden. Youthful trainees 16 to 18 years old attending beginner's courses and living at home receive a study allowance of 50 SKr a month without a means test, but scholarships are also available on the basis of a means test,

²⁷ Ibid., LXXII, January 1964, p. 5. If a child is over 16 but is receiving full-time instruction in a school or full-time training as an apprentice, the child's supplement is available until he reaches the age of 18. Family allowances are also available in Britain, but do not apply to the first child in a family and are much smaller, relative to wages, than in France or Belgium.

²⁸ National Economic Development Council, *Conditions Favourable to Faster Growth* (London: H. M. Stationery Office, 1963), p. 8.

²⁹ Ibid., p. 13.

as well as living allowances for youthful trainees living away from home.³⁰ In the case of married women, the basic training allowance is subject to reduction on the basis of a means test.

There is no statutory minimum wage in Sweden, but practically all wage rates are established through collective bargaining. Unemployment benefits range from 6 to 20 SKr a day on an earnings-related basis and are payable for a maximum of 6 days a week, under a system of unemployment insurance funds established voluntarily by unions but subject to Government regulation and substantial public subsidies. Thus the basic training allowance of 410 SKr a month is somewhat lower than the maximum unemployment benefit available for a full month of unemployment but higher than the benefit which many unemployed workers would receive. Dependents' supplements available for married trainees are roughly equivalent to those available under the unemployment insurance system, but the unemployment funds do not provide rental allowances. Although an unemployed worker entering a training program may choose between receiving unemployment insurance benefits (as long as he is eligible for them) and training allowances, it is usually to his advantage to receive training allowances, not only because the total monthly amount received is likely to be larger, but also because he does not "use up" his days of eligibility for unemployment insurance, which are generally subject to a maximum of

156 days. Unemployment assistance is usually available for individuals not eligible for unemployment insurance.

The comparisons presented in table 13 must be interpreted in the light of the various provisions affecting training allowances which have been discussed above. Moreover, the wage rates which have been used as a base in the computation of percents are not precisely comparable from country to country. A further difficulty arises from the fact that the rates which I have used for bricklayers and fitters, which are based on a special ILO report, were those prevailing in October 1962, whereas my information on training allowances relates, in general, to provisions in effect when I visited the countries in question between June 1963 and January 1964.

The comparisons may also be somewhat misleading because of differences in wage structures, and the difficulty I faced in choosing the most representative rate for purposes of comparison where several rates were available. In Stockholm, for example, average earnings of bricklayers in October 1962 were more than double the minimum bricklayers' rate, a considerably larger differential than in other countries where similar data were available. I chose in this case to use the minimum rate as a base for my computations, on the ground that it would more nearly represent the wage a trainee might expect to receive immediately after completion of training and would probably be closer to what he might have earned before entering training, but clearly I would have arrived at a considerably smaller percent had I chosen to use average earnings of bricklayers as a base. However, the results of my

³⁰ See The Swedish Institute for Cultural Relations with Foreign Countries, *Social Benefits in Sweden* (Stockholm: 1962), pp. 5-7.

computations are consistent with the statement by Rehn and Lundberg that the training allowances "amount to 40 to 80 percent of the income of the industrial worker, depending on family size, rent, etc."³¹

On the whole, the percents probably provide a reasonably good indication of variations in training allowances as a percentage of wages from country to country. It should be noted that the married man with dependents appears to fare better, as compared with the single trainee, in West Germany, Italy, Sweden, and the United Kingdom than in France or Belgium. This is because these countries provide special dependents' supplements for trainees (in West Germany in the form of supplements to unemployment benefits) which the employed worker does not receive. In Belgium and France, there are no special dependents' supplements, but the married trainee with dependents receives the same family allowances which he would receive if employed, and these family allowances have therefore been added to both training allowances and earnings in the computation of the percentages in table 13. The policy of providing special dependents' supplements in West Germany, Sweden, and the United Kingdom is clearly influenced by the fact that family allowances in these countries are small. In Italy, family allowances are relatively more generous, but unemployment benefits are very low—hence the need for special dependents' supplements for married trainees.

Although training allowances are by no means the only factor influencing

enrollment in training programs, there is evidence, as suggested previously, that where decisive steps have been taken to raise allowances in relation to wage levels, an increase in enrollment has tended to result. It should be pointed out, also, that in Italy, where training allowances are particularly low in relation to earnings (as are unemployment benefits), enrollment of adults in retraining courses has shown a considerable drop in recent years, although the number of young people enrolled in the courses for juveniles has tended to increase.

Decisions to increase training allowances have clearly been influenced to some extent by increases in the maximum duration of courses, since it has come to be generally recognized that an adequate training allowance is particularly necessary as an inducement to undertake and complete a long period of training, especially for married persons with dependents.

INCREASED FLEXIBILITY IN COURSE DURATION

Although there are exceptions, variations in the length of courses are greater and maximum duration is considerably longer in most of the countries included in this study than was true in the early postwar period.

Variations in the duration of courses appear to be greatest in the Netherlands and Sweden, where training periods may range from as little as 3 months in some trades to as long as 2 years in some cases. Among the courses offered in the industrial city of

³¹ Rehn and Lundberg, *op. cit.*, pp. 7-8.

Norrköping, Sweden, in 1963, the shortest was a course lasting 12 weeks for sewing machine operators, while the longest were courses lasting 72 weeks for instrument repairmen and television repairmen. Between these extremes were courses in, for example, welding, 20 weeks; clerical work, 39 weeks; and courses for a variety of trades such as electricians, sheet-metal workers, cabinet makers, and homecraft lasting 48 weeks.³²

Differences in the length of courses in the Netherlands are somewhat similar, although, as we have seen, the Dutch courses are almost entirely confined to the building and metal trades.

Outside of Sweden and the Netherlands, courses lasting longer than a year are exceptional. In Belgium, courses generally range in length from 4 to 8 months; in France, they vary from 3 to 6 months for most manual courses, but from 9 to 11 months for second-degree courses (which sometimes, as we have seen, are preceded by 3 months of preliminary training in mathematics); in Italy, the courses for adults conducted by the *Istituto Nazionale per l'Addestramento ed il Perfezionamento dei Lavoratori della Industria* (National Institute for the Training and Further Training of Industrial Laborers) (INAPLI) last 21 weeks, but some of the other adult courses are longer, ranging from 6 to

10 months; and in the United Kingdom, courses tend to range from about 6 months to a year in length.

In West Germany, the 1955 regulations of the BAVAVG limiting course duration, in general, to 13 weeks, which were discussed in the previous chapter, were still in effect when I was there in the summer of 1963, although the possibility of liberalizing the regulations was being considered. It will be recalled that in exceptional cases the duration of a course may be extended up to 26 weeks. There is also a provision under which longer courses may be given with special permission from the president of the BAVAVG. In practice, the situation seems to be somewhat more flexible than these regulations suggest. We saw how a sequence of two 26-week courses was created to permit the training of electronic engineers in Dortmund. Apparently, moreover, the practice of permitting a trainee to go on to more advanced training in a second course, after he has completed an initial course, is not uncommon. In several of the classes that I visited in West Berlin, which will be discussed in more detail in the next chapter, I was informed that some of the trainees would probably go on to further training in a more advanced course after completing the first course.

An extremely interesting aspect of Dutch training policies is the practice of permitting a trainee to enter a course at any time and proceed from one training assignment to the next more or less at his own pace. Looseleaf sets of instructions are used for each phase of the course, and a trainee who has had some previous training or experi-

³² I am indebted to Sylvia van Eltz, formerly a staff member at the U.S. Embassy in Stockholm, for an opportunity to read her detailed notes on visits to a number of local employment offices in Sweden, which yielded this information on courses in Norrköping, as well as other interesting details about labor market programs in various Swedish communities.

ence in a given trade may be permitted to skip parts of the course. Moreover, he is graded on each assignment, and proceeds from one assignment to the next on the basis of his grades, receiving a bonus for satisfactory performance, as we saw in the previous chapter. Since the training takes the form to a large extent of supervised practical work, rather than formal class instruction, the fact that the members of a training class may be at widely differing stages of the training period does not, according to Dutch officials, place the beginners at any particular disadvantage.

As a result of these policies, some trainees may complete a course of training in less than the normal period, whereas others take considerably longer than the normal period. Thus, a chart which I was shown presented data on the average duration of training for each trade, but an individual trainee might require a longer or shorter period to finish his training. Although the longest training programs had an average duration of about 72 weeks, I was told that individual trainees in some instances might require up to 2 years to complete these longer courses. This approach is strongly advocated by J. M. Hillenius, the director of vocational training for adults in the Netherlands. Among the advantages he emphasized in discussing these policies with me was the fact that an unemployed person did not have to wait to enter a course and the fact that progression from one phase of training to the next on the basis of performance rather than a rigid time schedule contributed greatly to the thoroughness of the training.

The Netherlands is not the only country in which a trainee may enter a course at any time. Similar policies are followed to some extent in Belgium, France, Sweden, and the United Kingdom, but I have the impression that the Dutch have placed more emphasis on training instructions and procedures which permit a trainee to proceed at his own pace than other countries. An official of the Swedish Labor Market Board admitted to me, for example, that although Sweden followed the policy of permitting an individual to enter a course at any time, the Swedes had much to learn from the Dutch with respect to training methods.

Furthermore, one of the advantages of this approach that was stressed by Hillenius—the fact that an unemployed person may be referred to a course without delay—will not exist in practice if the capacity of training centers or classes is deficient. In France, for example, although training policies permit a trainee to enter a course at any time, I was informed early in 1964 that there were waiting periods ranging from 3 months to 2½ years for admission to various types of courses.

Criticism of the practice of permitting a trainee to enter a course at any time, moreover, was expressed by trainees who were interviewed in a study conducted by sociologists at the University of Ghent. The study included all 41 persons who were enrolled in retraining programs in the city of Ghent in October 1959. The trainees, who were exclusively male and were being trained for the metal trades, were interviewed during the course of their training. The study

indicated that the fact that not all trainees began the program at the same time was a source of discouragement to those who entered late. However, the chief complaint, which was evidently expressed by a substantial proportion of the interviewees, was that the period of instruction was too short. Practical training was hurried, and theoretical instruction often did not sink in. The lack of a good general education, the investigators reported, usually accounted for the latter defect.³³ Clearly there is a need for more studies of this type, in which trainees are interviewed during or after their training.

It may well be that the practice of permitting a trainee to enter a course at any time is not very satisfactory if the course is too short, the instruction is hurried, and training procedures are not carefully designed to permit a trainee to progress to a considerable extent at his own pace, as in the Netherlands. Moreover, in comparing the Belgian and Dutch programs, it should be kept in mind that selection tests have been used infrequently in Belgium but are required of all applicants for training in the Netherlands.

I have dwelt at some length on these Dutch policies and procedures, because they differ so strikingly from those in the United States. So far as I have been able to determine, Man-

power Development and Training Act policies do not ordinarily permit continuous training programs, of the type found in Government training centers in the Netherlands and a number of other countries, which may be entered by trainees at any time (with the qualification that particular course offerings and entire training centers may be discontinued as a result of changes in the labor market). On the contrary, our policies require specific approval by State and Federal authorities of each individual training project (though a project may in some instances involve a group of courses or the offering of a particular course more than one time), on the basis of a finding that there is an inadequate supply of workers in a particular occupation in a given community and that there is a supply of potential trainees who are qualified for and could benefit from such training. As a project proposal proceeds through various stages up to final approval by appropriate Federal officials in a given State,³⁴ there are inevitable delays of weeks or months, during which potential trainees may become discouraged and take unskilled jobs, drop out of the labor market, or move away. Although the Dutch procedures may seem more appropriate for a tight labor market situation, there may well be some communities with a continuing demand for particular types of workers in which experiments with procedures more closely approaching those in the Netherlands would be worthwhile.

³³ See M. Versichelen, *Onderzoek naar de Sociale en Psychologische Gevolgen van Arbeidsmutaties*, Seminar for Sociology, National University of Ghent (Ghent: mimeographed, 1961), chapter 2. Two of the sociologists who participated in this group of studies spent several hours discussing their findings with me when I interviewed them in Ghent in August 1963.

³⁴ For a general account of these procedures, see *Manpower Research and Training*, op. cit., pp. 9-10.

RETRAINING AND UNEMPLOYMENT COMPENSATION

Where an unemployed worker receives unemployment benefits while undergoing training, as in Italy and West Germany, the maximum length of courses tends to be governed by provisions relating to the maximum duration of unemployment benefits, as we saw in chapter 3. However, trainees in West Germany are sometimes referred to a second or even a third course, and this practice is facilitated by the availability of unemployment assistance of unlimited duration for persons exhausting unemployment insurance benefits or for those who were ineligible for unemployment insurance in the first place.

Where training allowances are separate from unemployment benefits, an unemployed worker who did not exhaust his right to benefits before entering training might be able to qualify for unemployment insurance if he failed to find employment after completion of training, as we saw in the case of Sweden. On the other hand, nearly all these countries have provisions in their unemployment insurance laws disqualifying a worker from benefits if he refuses to undertake training to which he has been referred by the public employment service. The provisions differ, and in some countries the disqualification is for a limited period only: from 4 to 13 weeks in Belgium, according to the circumstances of the case; from 12 to 48 days, but normally 24 days, in West Germany; and for 6 weeks in the United King-

dom.³⁵ However, in France (under its unemployment assistance provisions) and Italy, the disqualification lasts until the individual has been re-employed for a long enough period to meet the qualifying provisions for benefits. Belgium has stricter provisions for women than for men. Concern over alleged abuse of the unemployment insurance system, with its unlimited duration of benefits, by married women who were not genuinely in the labor force led to adoption, in 1955, of a special provision under which unemployed women who refused to participate in a training program were to be denied unemployment benefits until they had again met the qualifying provisions.³⁶ It should also be noted that a number of these laws limit the disqualification to cases in which the refusal to undertake training is "without good cause."

Since my interviews were chiefly with officials responsible for vocational training programs rather than for unemployment insurance, I did not succeed in obtaining much information on

³⁵ See European Coal and Steel Community, High Authority, *La protection des travailleurs en cas de perte de l'emploi* (Luxemburg: 1961), pp. 46-47 and 132-133; International Labour Office, *Legislative Series, 1957—Germany (FR)* 3, par. 79 (Geneva); and *ibid.*, 1946—U.K. 3, par. 13.

³⁶ *Ibid.*, 1955—Bel. 2, par. 3. This requirement was intended in part to test the genuineness of the individual's desire for employment. Although the intention was to organize special training courses for unemployed women, such courses were apparently developed only on a very limited scale. Expenditures for the purpose were very small and continued only a few years (appendix table A-4).

the operation of these provisions, and there appears to be little published information on them. West German officials informed me that the number of cases of disqualification for refusal to enter a training program was very small, but it should be kept in mind that in West Germany's extremely tight labor market most workers who lose their jobs are promptly reemployed without training. Only those whose prospects for employment are unusually poor—chiefly unskilled workers in declining types of employment—are likely to be referred for training.

SUBSIDIZED TRAINING IN INDUSTRY

All the countries included in this study have provisions of some type for subsidized training or retraining of adults in industry, but, as was suggested in the previous chapter, the number of persons retrained under such provisions has, in general, been much smaller than the number retrained in government training courses. However, there have been some indications in recent years that provisions of this type may become relatively more important in the future than they have been in the past, particularly in situations of threatened labor displacement. In any case, they are of interest in relation to our own retraining policies, which do provide for subsidized on-the-job training, although thus far this type of training has been much less important than institutional training in the Manpower Development and Training

Act program.³⁷ In discussing European policies, however, I shall avoid use of the term "on-the-job" training and refer instead to subsidized training in industry, because I have found that Europeans tend to interpret the phrase on-the-job literally, to mean training that is exclusively on-the-job and does not involve any type of classroom or group instruction.

Traditionally, in most European countries, there has been a good deal of reliance on nonsubsidized training in industry, as in the United States, although it has been emphasized in some countries much more than in others. Training for semiskilled workers in manufacturing tends to be provided on an on-the-job basis and usually requires a comparatively short period, as in this country. For skilled workers, training is likely to be provided through apprenticeship programs or through some combination of technical schools and apprenticeship training. Moreover, in the European countries with strong apprenticeship programs, apprenticeship tends to cover a much wider range of occupations than in this country. Public subsidization of apprenticeship programs is also found in certain European countries, financed in some cases through a special tax on employers.³⁸

Not only are there substantial variations from country to country in the relative degree of emphasis on training in industry, but there are wide dif-

³⁷ See *Manpower Research and Training*, op. cit., pp. 47-52.

³⁸ For a good recent account of differences in apprenticeship systems, see Gertrude Williams, *Apprenticeship in Europe: The Lesson for Britain* (London: Chapman and Hall, 1963).

ferences of opinion with respect to the relative roles of industry and government in the provision of vocational training. Increasingly, however, it is coming to be recognized in most countries that the appropriate division of responsibility between industry and government cannot be settled once and for all as a matter of theory or principle, that it has changed over the course of time, and that it is likely to continue to change in the future, along with changes in technology and in the occupational and industrial structure. As technology advances, basic educational requirements are likely to increase, compulsory school-leaving ages to be raised (there has been a significant trend toward raising them in post-war Europe, though they still tend to be lower than in this country), and the relative role of educational institutions to increase, as compared with training in industry. At the same time, there will always be a role for some training within industry, especially in the use of highly specialized equipment or in the application of particular methods or managerial policies. Despite these general tendencies, a good deal of resistance to any important changes in the relative roles of industry and government, particularly in countries with especially strong apprenticeship traditions, such as West Germany and Switzerland, is still present.

In the field of retraining for the unemployed, however, there has been less resistance to government intervention than in the field of apprenticeship and ordinary on-the-job training, with the result, as already suggested, that most countries have provisions of one kind or another for subsidized retraining in

industry. The advantages of using subsidies as a means of inducing employers to assume some of the responsibility for retraining the unemployed or those threatened with unemployment are fairly obvious. Although the government shares in the cost of the training, the average costs per trainee tend to be much lower than when the government assumes the entire responsibility. Moreover, in some industries and for some types of production, the equipment is so specialized and expensive that the cost of maintaining up-to-date equipment in government training centers is practically prohibitive.

On the other hand, in much of Western Europe, as in the United States, there appears to be a good deal of employer resistance against recruiting workers through the public employment service, where unemployment insurance recipients are generally required to register. This is probably less true in West Germany and Sweden than elsewhere. In both of these countries, the public employment service has a superior reputation and maintains effective relations with employers. In Sweden it handles some 25 to 30 percent of all placements and in West Germany 40 percent, as compared with a proportion of about 20 to 25 percent in the United States and the United Kingdom. But for the most part recruitment channels in Europe are not very different from those that prevail in this country—workers hear about job openings through friends and relatives already employed in a given company, and there is also a good deal of hiring “at the gate.” Moreover, the failure of employers to hire manual workers through the public employment service probably reflects to a cer-

tain extent a feeling that they are less likely to find satisfactory workers among those registered as unemployed at public employment offices than through other channels of recruitment. This is likely to be true under tight labor market conditions, when the supply of retrainable unemployed persons tends to be very small.

Under these circumstances, even though a public retraining subsidy is available, employers apparently frequently prefer to recruit workers through their usual channels and, if necessary, train them on a nonsubsidized basis rather than become involved in providing subsidized training for unemployed persons recruited through the public employment service. Furthermore—and these points were particularly stressed by Dutch labor market officials whom I interviewed—employers who do not maintain close contact with the public employment service are not likely to have heard about the availability of government retraining subsidies or, if they have, may object to the detailed reporting and supervision that are frequently associated with training workers under this type of program.

In addition, early experience with this type of approach to the problem of retraining the unemployed in such countries as Belgium and France, as indicated in the previous chapter, was not considered very satisfactory. Training tended to be subordinated, it was charged, to the needs of production, with the result that the training received through this type of program was not very thorough.

Policies relating to the division of costs between the government and the

employer vary a good deal from country to country. Moreover, in a number of countries subsidies tend to be more generous for firms locating in depressed areas or in areas which have been designated for regional economic development. These policies will be discussed more fully in chapter 8.

In West Germany, as we saw in chapter 3, the BAVAVG conducts some training programs under its own auspices but also frequently enters into agreements with a variety of other sponsors of courses, including commercial or technical schools, employers, chambers of commerce and industry, and unions. Its regulations provide that, before a training program is instituted, the local employment office must determine whether a course can be operated in a simpler or more economical way by another sponsor. The instruction is provided in a classroom rather than an on-the-job setting in most instances, but if the cosponsor is an industrial firm, it may be given on company premises in rooms not currently being used for production, as in the case of a course for metal workers cosponsored by the BAVAVG and a machinery firm in Cologne.³⁹ So far as I have been able to determine, the employment office may subsidize the wages of the trainee where necessary, and the division of costs of instruction between the BAVAVG and the cosponsoring firm varies somewhat from case to case, depending on the nature of the agreement between the public agency and the firm. In a number of cases, apparently, the BAVAVG pays the instructor's compensation, but the

³⁹ *Accelerated Vocational Training . . .*, op. cit. p. 176.

firm or other sponsoring agency provides the space for the training and may provide the equipment.

Although I was not able to obtain detailed information on the relative importance of employer-sponsored courses in recent years—it will be recalled that there has been a marked decline in the number of courses and trainees in West Germany since about 1957—data reported to the OEEC on the sponsorship of courses conducted in 1957 are of interest. Among 107 courses of a continuing nature involving sponsors other than the public employment service, 28 were sponsored by employers or by employer groups, such as the German Welding Techniques Association. The others were sponsored by commercial or vocational schools, unions, stenographer clubs, or religious organizations. There were also a large number of courses of a temporary or ad hoc nature, with a somewhat similar distribution of sponsors.⁴⁰

In Italy, also, courses may be sponsored by a variety of agencies, including industrial firms. Sponsors must show that they have suitable equipment but, if their proposals for training are approved, the Ministry of Labor and Social Welfare pays for the costs of instructions, as well as the usual unemployment compensation and allowances for trainees.⁴¹ There are also special provisions for subsidized retraining for employees of large firms, which will be considered in chapter 9.

In Sweden, the Labor Market Board has entered into arrangements with industrial firms in some instances, in which the board provided the usual training allowances to the trainees, while the firm paid the costs of instruction and additional compensation of 1 SKr an hour to each trainee. However these arrangements involved retraining for employees who would otherwise have become redundant and will be considered in chapter 9. Apart from such arrangements, I was told, subsidized retraining in industrial firms has largely been associated with Sweden's "localization" policy, i.e., its policy of stimulating industrial development in areas of higher unemployment, which will be considered in chapter 8. There have been a number of instances in which the Labor Market Board has purchased training facilities from enterprises, but in such cases the firm has not been involved in any form of cosponsorship.

Elsewhere, provisions for subsidized training in industry usually call for payment of a wage rather than a training allowance or unemployment benefit to the trainee, and for partial government subsidization of this wage. The most intriguing system of subsidization is found in the Netherlands, where the Government has attempted to work out a formula which will partially compensate the employer for the difference between the productivity of a trainee and a fully trained worker. The arrangement applies to cases in which the firm is prepared to provide training for unemployed workers 18 years old or older or for workers who are in danger of losing their jobs. Exceptions to the lower age limit may be made if the trainee is an expected

⁴⁰ Ibid., p. 41.

⁴¹ See the provisions of the Act of 1949 on Placement of Unemployed Persons and Unemployment Assistance in *Legislative Series, 1949*, op. cit., Italy 2-A, pp. 17-18.

emigrant⁴² or if he wishes to acquire some basic training in agriculture. Training methods and procedures are supervised by the public employment service. The training allowance or subsidy paid to the firm amounts to half of the weekly or monthly wage minus the estimated "achievement value" of the worker when he starts training, multiplied by the number of weeks or months involved in the training period. The length of the period is agreed upon in advance. On the theory that a trainee's productivity will gradually approach that of a trained worker, the subsidy is paid to the firm in four installments at the end of each quarter of the total training period in progressively declining amounts of 40, 30, 20, and 10 percent of the total training allowance. Under an amendment adopted in 1961, firms may not receive a subsidy for level-two training except in the case of plants that are less than 2 years old.⁴³ Apart from the special training allowance, the firms meet the costs of the training.

The Netherlands is the only country for which I was able to obtain annual statistics on the number of trainees involved in this type of program. The data indicate that, although the number continues to be comparatively small, it is now much larger than when this system was first adopted and in some recent years has represented nearly half of the total number of per-

sons trained under programs administered by the public employment service. In 1961, the total number of workers accepted for subsidized training in industry was 1,361, as compared with 56 in 1948, the first year of the program. However, there was a decline to 621 in 1962, which was attributed by Dutch officials to the very tight labor market conditions prevailing.⁴⁴

Training under this subsidized system covers a somewhat wider range of occupations than training in the Dutch Government centers, although it is preponderantly in the metal trades. Other industries or occupations represented in 1960 were diamond worker, building trades, chemicals, woodworking, leather, rubber, textiles, agriculture, office worker, and miscellaneous.⁴⁵

In appraising the results of this Dutch policy, it is important to recognize that the procedures applying to firms in "problem" areas are much simpler. The employer is not required to enter into a special agreement with the employment service or to keep training reports, and it may also be arranged that the training allowance be paid in full at the end of the training period. These simpler procedures may help to explain the fact that most of the firms providing training on this subsidized basis in recent years have

⁴² With its relatively high birth rate and rapid population growth, the Netherlands has had a policy of encouraging emigration through various forms of Government aid, as has Italy. However, this policy has tended to diminish in importance in recent years under tighter labor market conditions.

⁴³ For a description of skill levels, see p. 124.

⁴⁴ The data have been compiled from *Jaarverslag*, the annual yearbook of the Ministry of Social Affairs and Public Health for various years, and from *Arbeidsmarkt Beschrijving*, its annual report on labor market conditions.

⁴⁵ Ministry of Social Affairs and Public Health, *Resultaten van de Vakopleiding in 1960* (The Hague: 1963, mimeographed), p. 8.

been in the three northern provinces of Friesland, Groningen, and Drenthe, where the problem areas are chiefly located. Of interest, also, in this connection is the fact that I was informed by an official of the Swedish Labor Market Board that his agency had experimented with a sliding-scale subsidy formula resembling that used in the Netherlands but had found it complicated to administer and had decided that a uniform subsidy for each week of training determined on a rule-of-thumb basis for firms in localization areas was preferable.

Outside of the depressed areas, where the board of trade may subsidize the training of workers for firms establishing or expanding plants in the area, there is very little subsidized retraining in industry in the United Kingdom. To the extent that it exists, it follows the lines of the agreements with joint industry groups which were discussed in the previous chapter. A special feature of some of these British arrangements is the provision for a period of employer-sponsored training, with wages in some cases subsidized by the Ministry of Labour, to follow an initial period of training in a Government center. There are somewhat similar arrangements in certain countries for the long-term unemployed, to be discussed in the next chapter, and also for the disabled.

Subsidized training within industry in Belgium in recent years has been conducted largely under legislation designed to stimulate the establishment, expansion, or reconversion of plants and in France under legislation to encourage decentralization or reconversion of firms. Since these policies are aimed in part at preventing the dis-

placement of a firm's employees in cases of modernization or reconversion, they will be considered in chapter 9.

INDIVIDUAL RETRAINING

As suggested in the previous chapter, all the countries included in this study have provisions under which the labor market authorities may refer individuals to courses offered under other auspices, such as commercial or technical schools. If the individual meets the usual eligibility conditions for a training allowance, he will typically receive the same allowance as in a government retraining program, and his course fees will be provided. I shall not deal extensively with these arrangements, since the number of individuals involved has tended to be very small, apparently chiefly because the courses available are not usually geared to the needs of the unemployed. The arrangement appears to be used chiefly for women desiring training in stenography or typewriting, and to some extent in nursing. It is also used in some cases to meet unusual training needs. In England, for example, I was told of the case of a disabled woman who, because she was found to have the requisite educational background and some prior knowledge of the language, was referred for training in German and later successfully placed with a travel agency.

The one country which seems to have made a particular effort to expand retraining for individuals in recent years is West Germany. Under special provisions adopted in 1962, a

program of grants or loans without interest to individuals, to be administered by the BAVAVG, was initiated. These grants or loans are apparently available on the basis of need, and eligibility is not confined to persons who are involuntarily unemployed. Allowances can be granted for the maintenance of the applicant, his wife

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(or her husband) and children, and for training fees, any necessary travel expenses, and maintenance of his sickness insurance contributions. Between July 1962 and March 1963, approximately 21,000 applications were received by the labor offices under this program, and the average allowance granted was 1,530 DM.

5

OLDER WORKERS, YOUNGER WORKERS, AND OTHER SPECIAL GROUPS

ALTHOUGH average unemployment rates are very low in Western Europe, age differentials in unemployment are frequently quite pronounced, and unemployment rates for some age and sex groups are high enough to create a problem of significant dimensions (tables 14 and 15). The pattern of age differentials in rates (or, where rates are not available, the distribution of unemployment by age) differs quite markedly from country to country, reflecting differences in labor market practices, the age structure of the population, social security policies, and other factors. Sex differentials also differ substantially, as does the pattern of sex differentials by age group.

Although I have not been able to obtain recent data for West Germany, I was informed that the problem of unemployment among young people was negligible. Large proportions of both boys and girls leaving school (the compulsory school-leaving age is 14 in many of the *Länder*, but has been raised to 15 in a few of them) enter apprenticeship programs and remain in them until completion, with the result that the employment pattern for young people is extremely stable. Comparatively

low unemployment rates for young people in Great Britain are also evidently attributable in large part to the high proportion of young people entering apprenticeship or on-the-job training.¹ In Belgium and the Netherlands, wage practices under which the teenager is paid a differentially low rate

¹ Cf. E. Kalachek and R. Westebbe, "Rates of Unemployment in Great Britain and the United States, 1950-1960," *Review of Economics and Statistics*, XLIII, November 1961, pp. 340-350.

Ratios to average rates

| Total..... | 1.0 | 1.0 | Total..... | 1.0 | 1.0 | Total..... | 1.0 | 1.0 |
|-----------------|-------|-------|-----------------|-----|-----|-----------------|-----|-----|
| 14 to 19..... | 5.1 | 2.3 | 14 to 17..... | 2.8 | 2.5 | Under 18..... | 1.2 | 1.5 |
| 20 to 24..... | 2.2 | 1.3 | 18 to 24..... | 1.8 | 1.6 | 18 to 19..... | 1.0 | 1.2 |
| 25 to 29..... | .4 | 1.1 | 25 to 34..... | .7 | .6 | 20 to 24..... | 1.0 | 1.5 |
| 30 to 34..... | .2 | .9 | 35 to 44..... | .2 | .6 | 25 to 29..... | 1.0 | 1.4 |
| 35 to 39..... | .3 | 1.0 | 45 to 54..... | .7 | .7 | 30 to 34..... | 1.0 | .9 |
| 40 to 44..... | .4 | .7 | 55 to 64..... | 1.4 | 1.0 | 35 to 39..... | .9 | .8 |
| 45 to 49..... | .5 | .8 | 65 or more..... | 1.8 | 1.8 | 40 to 44..... | .9 | .7 |
| 50 to 54..... | .8 | .5 | | | | 45 to 49..... | .8 | .7 |
| 55 to 59..... | 1.0 | .7 | | | | 50 to 54..... | .8 | .8 |
| 60 to 64..... | 1.7 | .4 | | | | 55 to 59..... | 1.0 | 1.1 |
| 65 to 69..... | 1.6 | .8 | | | | 60 to 64..... | 2.2 | .2 |
| 70 to 74..... | 1.2 | .2 | | | | 65 or more..... | .3 | .2 |
| 75 or more..... | ..... | ..... |  |  |  |  |  |  |

¹ Includes the regular unemployed and the marginally unemployed.

² Data were read from a bar chart.

³ Unemployment rates have been computed by dividing the number of unemployed in July 1963 by the data relating to the number of employees by age group in Great Britain in June 1962.

SOURCE: For France, National Institute of Statistics and Economic

Studies, *Enquête "Emploi" d'Octobre 1960* (Paris: 1963), pp. 9 and 13; for Sweden, *Arbetsmarknaden*, No. 7, September 1960, p. 158; for Great Britain, *Ministry of Labour Gazette*, LXXI, June 1963, p. 232 and August 1963, p. 327; and for the United States, *Manpower Report of the President*, transmitted to the Congress March 1964 (Washington, D.C.: U.S. Government Printing Office, 1963), p. 200.

TABLE 15.—PERCENT DISTRIBUTION OF UNEMPLOYED, BY AGE AND SEX, SELECTED COUNTRIES, 1960 AND 1963

| Age | Belgium (1963) | | Age | France ¹ (1960) | | Age | Great Britain (1963) | |
|---------------|-------------------|------------|---------------|-------------------------------|------------|---------------|-------------------------|------------|
| | Men | Wom- en | | Men | Wom- en | | Men | Wom- en |
| Total..... | 100.0 | 100.0 | Total..... | 100.0 | 100.0 | Total..... | 100.0 | 100.0 |
| Under 20..... | 0.8 | 3.3 | 14 to 19..... | 35.5 | 24.6 | Under 18.... | 6.5 | 13.8 |
| 20 to 35..... | 7.1 | 22.1 | 20 to 24..... | 11.1 | 16.1 | 18 to 19..... | 4.5 | 8.9 |
| 35 to 50..... | 17.3 | 27.3 | 25 to 34..... | 7.2 | 18.6 | 20 to 24..... | 9.6 | 19.2 |
| 50 to 65..... | 74.8 | 47.3 | 35 to 44..... | 7.2 | 15.0 | 25 to 34..... | 19.1 | 17.8 |
| | | | 45 to 54..... | 14.0 | 14.1 | 35 to 44..... | 18.9 | 14.0 |
| | | | 55 to 64..... | 19.7 | 9.0 | 45 to 54..... | 16.1 | 16.3 |
| | | | 65 or more... | 5.3 | 2.6 | 55 to 59..... | 9.1 | 8.9 |
| | | | | | | 60 to 64..... | 5.1 | 1.1 |
| | | | | | | 65 or more... | 11.1 | 1.1 |

| Age | Italy (1963) | | Age | Sweden (1963) | | Age | United States (1963) | |
|---------------|------------------------|-------|---------------|------------------|------------|---------------|-------------------------|------------|
| | All unem- ployed | Men | | Men | Wom- en | | Men | Wom- en |
| Total..... | 100.0 | 100.0 | Total..... | 100.0 | 100.0 | Total..... | 100.0 | 100.0 |
| 14 to 30..... | 43.6 | 37.0 | Under 18.... | 6.5 | 25.7 | 14 to 19..... | 22.4 | 25.3 |
| 35 to 50..... | 41.0 | 43.6 | 18 to 21..... | 5.4 | 12.7 | 20 to 24..... | 15.6 | 16.1 |
| 50 or more... | 15.4 | 19.4 | 22 to 24..... | 4.2 | 4.8 | 25 to 34..... | 17.5 | 17.6 |
| | | | 25 to 34..... | 10.4 | 9.3 | 35 to 44..... | 15.2 | 17.6 |
| | | | 35 to 44..... | 13.2 | 13.5 | 45 to 54..... | 14.1 | 14.2 |
| | | | 45 to 54..... | 16.3 | 15.4 | 55 to 64..... | 11.4 | 7.4 |
| | | | 55 to 59..... | 9.3 | 7.5 | 65 or more... | 3.8 | 1.8 |
| | | | 60 to 66..... | 24.8 | 9.7 | | | |
| | | | 67 or more... | 9.9 | 1.4 | | | |

¹ See footnote 1, table 14.

SOURCE: For France, Great Britain, and the United States, see source reference to table 14. For Belgium, National Office of Employment, *Recensement annuel des demandeurs d'emploi: chomeurs complets à fin juin 1963*

(Brussels: 1963), pp. 2-3; for Italy, Central Institute of Statistics, *Rilevazione Nazionale delle Forze di Lavoro*, 10 maggio 1963 (Rome: 1963), p. 40; and, for Sweden, *Arbetsmarknadsstatistik*, No. 8, 1963, p. 17.

which rises gradually from 14 to 15 years old until the adult rate is reached at 20 or 21 years old, encourage the employment of young people. In France and Sweden, on the other hand, unemployment rates for teenagers, particularly young girls, are relatively high. Although I have not been able to make a special study of this question, the fact that a relatively large proportion of young people receive their vocational training in technical or commercial schools, rather than in apprenticeship or on-the-job training programs, in these countries apparently helps to explain the comparatively higher unemployment rates for youth. A young person leaving a technical or commercial school tends to go through a period of joblessness before he gets his first job, and, like the young worker in the United States, is likely to experience a number of job changes before he settles down in a relatively permanent job. Moreover, both France and Sweden have been experiencing a bulge in their teenage populations and associated problems of inadequate capacity of their vocational training schools. In Italy, neither apprenticeship programs nor technical schools have been especially well developed, and unemployment rates among young people are evidently relatively high, although I have not been able to obtain recent data on rates by age.

In Sweden, particularly for women, and in Great Britain, particularly for men, unemployment rates in certain older age groups are higher, relative to average rates, than in the United States. An extremely large proportion of the unemployed in Belgium, especially among men, is in the 50 and older age group.

It will be apparent to the reader that policies relating to the relative emphasis on various age groups in government retraining programs, discussed in the two preceding chapters, are not unrelated to these differences in unemployment by age. However, the unemployment data would suggest a need for increased emphasis on training for older persons of both sexes in Belgium and for older men in Britain.

OLDER WORKERS

More attention, as we have seen, has been paid to the problem of providing retraining opportunities for older workers in Sweden and in West Germany than in the other countries included in this study although, even in these countries, older persons make up a relatively small percent of all trainees. In Sweden, the proportion of trainees 45 years old or older increased from 12 percent in May 1961 to 15 percent in May 1962, suggesting, as did my interviews with Swedish officials, that an increasing effort is being made to provide retraining opportunities for older persons. By comparison, the proportion of persons 45 years old and over among those starting training under the U.S. Manpower Development and Training Act program in 1963 was 10 percent.² Comparable data are not available for West Germany, but information on the age composition of trainees in three

² *Manpower Research and Training, A Report by the Secretary of Labor*, transmitted to the Congress March 1964 (Washington, D.C.: U.S. Government Printing Office, 1964), p. 19.

presumably typical courses indicates that the proportions of workers over 45 years of age were 7, 20, and 15 percent, respectively.³

Older people unquestionably have more resistance to the idea of retraining than younger persons, I was informed by Swedish officials. But attitudes of older, as well as younger persons, have gradually become more receptive to retraining in the last 5 or 6 years, apparently at least partly as a result of the efforts of the Labor Market Board to arouse interest in retraining through publicity campaigns. Older persons have in some cases been put into courses with younger persons, and in other instances special courses have been developed for them. Experience with special courses for older persons has not been very satisfactory, and I was told that it was unlikely that much emphasis would be placed on them in the future. Older persons tend to do better in courses with younger workers, where they appear to be stimulated by the progress of the younger trainees, whereas in the special courses for older persons there is an atmosphere of lack of confidence and enthusiasm which militates against the success of the training. Moreover, it is argued, training in a mixed age group is likely to have better long-run results, because the older person will have to adjust himself to working with a mixed age group after training.

Although I was not able to obtain information on what types of training were considered appropriate for older men, I was informed that "home

samaritan" courses were considered particularly suitable for older women. Home samaritan work, like home-maker services in the United States, involves looking after old and ill persons in their homes, often on a part-time basis, thus relieving some of the pressure on hospital and nursing-home space. In both Sweden and Great Britain such services are provided free of charge on a means test basis from public funds to families who cannot afford them.

In West Germany, the retraining of older persons has been particularly emphasized in West Berlin, where there was for many years a serious problem of unemployment among older persons who had formerly done white-collar work, often of a routine nature (e.g., handling ration cards), for the central Government when Berlin was the capital of Nazi Germany. In the early fifties, it was virtually impossible for such persons to find jobs in West Berlin, where the unemployment rate was considerably above the average for the Federal Republic. In order to provide support for this group, the so-called *Notstandsprogramm* (emergency program) was developed, under which individuals worked on public work relief programs—involving such activities as recordkeeping in archives and other public agencies—for 9 months and then received unemployment benefits for 3 months, after which they went back on public work relief. In this way a limited number of work relief jobs was stretched to provide as much work as possible under a program which involved about 70,000 people in 1951 and had gradually dwindled to 9,000 persons by the summer of 1963, when I was in West Ber-

³ Organization for European Economic Co-operation, *Accelerated Vocational Training for Unskilled and Semi-skilled Manpower* (Paris: 1960), pp. 174 and 176.

lin. Some of the original group had found jobs, some had died, and some had qualified for old-age pensions. As the employment situation in West Berlin gradually improved, and the prospect of placing these older people became somewhat more favorable, the *Landesarbeitsamt* (state labor office) undertook to retrain as many as possible. Some were trained for sales work and some for manual jobs, but it was not easy to induce these ex-white-collar workers to accept the idea of training for manual employment, while some of the older women resisted getting out of the *Notstandsprogramm* and into regular work.

In one of the classes which I visited in West Berlin, the participants were chiefly persons who had been on the *Notstandsprogramm*. They were being given a relatively simple type of training for office work, including instruction in arithmetic. Although they had been given aptitude tests before being admitted to the class, the course itself was designed as a kind of testing program to see whether the participants might be qualified for placement efforts or for further training. It was anticipated that only about 10 to 20 percent would get jobs, and even those only after a second and more advanced course. This, of course, is an extremely low placement rate, but it must be kept in mind that the people involved were chiefly permanent public charges. A retraining effort which resulted in jobs for even a small proportion of them probably represented a worthwhile investment for the employment service, particularly in view of the fact that trainees in West Germany merely receive their unemployment benefits plus *Taschengeld*

during training. As a result the additional expense of retraining for unemployed persons over and above the cost of maintaining them on unemployment insurance or unemployment assistance is not very large. Moreover, retraining and other labor market adjustment programs in West Germany are financed mainly through unemployment insurance reserves, and, with minimal unemployment in recent years, there has been a tendency for unemployment reserves to pile up. In fact it has been possible to suspend contributory payments, which are divided equally between employers and employees, during certain periods.⁴ Under such circumstances, it is probably easier for the *Bundesanstalt für Arbeitsvermittlung und Arbeitslosenversicherung* (Federal Institution for Labor Placement and Unemployment Insurance) (BAVAVG) to justify retraining programs which yield a poor return in terms of placement than it would be if the programs were financed entirely from general revenues.

A second class in West Berlin in which the participants were chiefly older women (say, 45 or older) was one in bookkeeping, stenography, and typing. These women were nearly all divorcees who were receiving unemployment assistance (unless the ex-husband's pay was high enough to provide sufficient alimony for their support). The course lasted 11 weeks, but was followed by another course lasting 13 weeks, to which the more qualified trainees would go on. Among those not qualified for the

⁴ Contributions were suspended from Aug. 1 to Dec. 31, 1961, for example. See *Industry and Labour*, XXVI, Dec. 1 and 15, 1961, p. 414.

more advanced course, about 50 percent would probably be placed in employment, while some would be referred to training for manual work. Here again, the expected placement rate was far below the average for West Germany, which is about 80 to 90 percent, but the BAVAVG evidently considered the expenditure a worthwhile contribution toward meeting a social problem and achieving an eventual saving of unemployment assistance costs. It should be kept in mind that unemployment assistance is unlimited in duration in West Germany and that the women who were wholly dependent on unemployment assistance would be permanent social charges unless they eventually found employment or remarried. A particularly interesting aspect of German policies, exemplified here, is that of referring those who do not do well in a white-collar training program to training for manual work. It is another example of German flexibility with respect to the duration of training, despite the seeming rigidity of the BAVAVG regulations on the duration of courses. In fact, I was told in West Berlin that the limitation on duration really meant very little, because of the fact that people were often referred to a second, or even a third or fourth course—apparently in some cases because they did well and would profit from further training, but in other cases because they did poorly and needed a different type of training.

Another interesting West Berlin class in which some of the participants were older people involved more advanced training in office work than was being given in the first class. The participants were better qualified, con-

sisting of unemployment insurance recipients who had lost their former jobs because the firm had gone out of business or needed fewer workers. At the time I observed the class, the trainees were carrying out a simulated program of processing purchase orders in a dummy firm, with each participant handling a particular assignment on the office staff of the firm. The expected placement rate for this group was 40 percent, and it was anticipated that very few of the older members of the group would be placed.⁵ Here again, however, those who were not eventually placed would be permanent public charges, since they would be eligible for unemployment assistance of unlimited duration once their unemployment insurance benefit rights were exhausted.

In Belgium, there appears to be a difference in attitude toward the problem of retraining older workers between some of the officials in the top echelons of the Ministry of Employment and Placement and those directly responsible for the vocational retraining program. Formal age limits no longer apply to admission to the Government training centers, now that selection has been transferred from the regional advisory committees to the directors of the regional employment offices under the 1961 legislation, but in practice most trainees are in their twenties or early thirties, and I observed no trainees who appeared to be over

⁵ All the expected placement rates cited for these West Berlin courses were estimated on the basis of previous experience with similar groups, and the base for the percent was the total number starting the course, including those who later dropped out

about 45 in the three training centers that I visited in Belgium. On my tour of the training center at Telexpo, I was told that the most favorable age for training was 20 to 30 years. As suggested in chapter 3, however, it was the difficulty of placing older trainees, rather than the difficulty of training them, that was stressed by M. Victor Martin, director of vocational training for adults, as the main reason for excluding older persons. In his article on the new special centers for observation and vocational selection, discussed in chapter 4, he commented that with respect to workers 55 years old and over, and sometimes with respect to those older than 50 or even 45, "the National Office of Employment is partially powerless to overcome reasons or prejudices invoked by enterprises with regard to their re-engagement."⁶ However, in these centers, policies on admission of older workers appear to be somewhat more liberal than in the regular Government training centers, with trainees ranging in age from 25 to 50 years.⁷

An adviser to the Minister of Employment and Placement, however, suggested that those directly concerned with the retraining program were anxious to achieve a high placement rate as a justification for adequate appropriations for their program.⁸ He felt that greater efforts should be made to adapt the programs to the needs of the 35 and older group, in view of the

age composition of unemployment in Belgium. British studies had indicated that older persons could be successfully retrained but that it required a longer training period. Negotiations were under way, he informed me, for a study of the learning capabilities of older persons at the psychological laboratory of the University of Ghent and for an interdisciplinary study of problems of older workers at the University of Liège. He added that, under the impact of technological change, a good many workers were being displaced in Belgium, and that private collective bargaining arrangements negotiated by the unions through the *Conseils d'entreprises* (similar to the *Comités d'entreprises* in France) aimed especially at providing supplementary unemployment benefits for displaced workers in the older age groups. Early pensions have also been negotiated in some cases, as in many recent collective bargaining agreements in the United States. It should be added that the very wage practices, mentioned above, which encourage steady employment for teenagers in Belgium give the employer an inducement to let older workers go and replace them with younger workers.

In evaluating retraining policies for older workers in Western Europe, it must be kept in mind not only that collective bargaining agreements in such countries as Belgium and England are beginning to include various special provisions to protect the displaced redundant worker, but also that the displaced older worker is considerably more likely to qualify for some type of public social security benefit than in this country. Extensive discussion of these provisions would be beyond the

⁶ Victor Martin, *Les centres spéciaux d'observation et de sélection professionnelle*, reprinted from *Revue du Travail*, October 1963, p. 4.

⁷ *Ibid.*, p. 7.

⁸ Interview with M. J. Deroo, August 1963.

scope of this report but pertinent aspects are listed below. In Belgium unemployment insurance benefits of unlimited duration are available to the unemployed worker who is genuinely in the labor force and seeking work. Extended unemployment insurance benefits are provided by West Germany and the United Kingdom⁹ to workers with substantial employment records in the preceding years. Provisions for regular old-age pensions at age 60 (earlier under special conditions) contain the stipulation in West Germany under which a regular old-age pension (based on a formula under which the amount of the pension benefit depends on earnings adjusted for wage changes and the individual's years of service) becomes payable from age 60 on if the individual has been unemployed a year or more. France pensions workers 60 years old with enough years of contribution; Italy sets pensionable ages of 60 for men and 55 for women. Invalidity (permanent disability) insurance systems with eligibility considerably more liberal than under our Old-Age, Survivors, and Disability Insurance (OASDI) are significantly helpful in combating the problem of income maintenance for displaced older workers. And unemployment assistance systems on the basis of need—in West Germany these extend

for an unlimited period—provide protection for unemployed persons not eligible for any other type of social security benefit.

Even so, as our discussion of retraining programs for older persons in West Berlin has suggested, an investment in retraining for older persons may be highly justifiable in terms of reducing social security costs as well as in terms of making possible a higher income and perhaps a more rewarding life for some of the individuals involved, despite the fact that the expected placement rate may be quite low and the total period of training relatively long. Where tight labor market conditions and minimal unemployment prevail, such an investment can be easily financed through the unemployment insurance reserves that are likely to accumulate. The high average cost per trainee and the particularly high average cost per placed trainee, however, may be more difficult to justify under conditions of heavier unemployment, when the number of unemployed workers of prime working age who are qualified for retraining is large and when the prospects of placing older retrained persons are extremely poor. The cost and probable returns of such an effort need to be carefully weighed against alternative approaches involving greater emphasis on work relief programs and/or more adequate income maintenance policies for older displaced workers.

Before leaving the subject of older workers, mention should also be made of Belgium's policy of subsidizing the employment of workers who are difficult to place because of age or disability and West Germany's similar policy

⁹ For more extended discussion of these provisions, see my paper on "National Retirement Policies and the Displaced Older Worker," to be published in the proceedings of the Sixth International Congress of Gerontology, Copenhagen, August 1963. See also my article on "U.S. Welfare Policies in Perspective," *Industrial Relations*, II, February 1963, pp. 33-61.

of subsidizing the employment of the long-term unemployed.

The Belgian policy dates, as do many of the other recent changes in employment policy in Belgium discussed in chapter 4, from the series of decrees enacted early in 1961. Unemployed workers who are eligible for subsidized employment include:

(1) Those who, in the course of the 18 months preceding placement, received unemployment benefits during at least 12 months and who, at the time of placement, were at least 55 years of age in the case of wage earners and at least 40 years of age in the case of white-collar workers (although these age limits may be adjusted administratively for various regions, occupations, and industries);

(2) Those who, in the course of the 9 months preceding placement, received compensation during at least 6 months and whose earning capacity, at the time of placement, is reduced by 30 percent because of a physical handicap or 20 percent because of a mental handicap.¹⁰

An employer hiring a worker under this program receives a subsidy amounting to 20 percent of the worker's remuneration for the first 6 months of employment, 15 percent for each of the 3 months which follow, and 10 percent for the last 3 months. Remuneration is defined to include minimum wages fixed by collective agreements or by custom and social charges

(costs of fringe benefits) resulting from legal provisions or collective agreements.

Since there have been various proposals for subsidized employment of older or handicapped workers in the United States, Belgium's early experience under this legislation, as discussed in the 1962 annual report of the National Office of Employment, is worth quoting at length:

The application of these provisions has resulted in 620 subsidized placements in 1962.

They represent only part of the placements of handicapped or older persons effected by the ONEM; there have also been 13,180 non-subsidized placements of difficult-to-place unemployed persons. In about 2,900 of these cases, no application for subsidy on the part of the employers was involved; in the 10,280 other cases, the unemployed workers met the criteria for inaptitude or age fixed in the decree, but had not experienced the required period of unemployment. . . .

The relatively small number of subsidized placements suggests that employers attach only slight importance to the advantages offered by the decree of February 25, 1961.

It seems, according to information received on this subject, that the rate of subsidization of the wage is considered insufficient and that it involves administrative formalities which, however necessary they may be, are a source of complications, particularly un-

¹⁰ Ministry of Employment and Labor, *La politique de l'emploi* (Brussels: no date), pp. 33-35.

welcome when the worker abandons his job after some days of employment or must be dismissed.

Certain employers show reluctance to employ an older or handicapped worker. They anticipate absenteeism of those involved and a decrease in the output of the establishment. They point out that in numerous cases the vocational training of these workers involves important expenses and that the moral obligations of providing employment above all for their own handicapped employees leads them to reserve light occupational assignments for persons with a number of years of employment in the firm. . . .

It has also been shown that the majority of the handicapped are found in the group of ordinary laborers with a lack of qualifications and often a varied employment history.

Finally, it is necessary to emphasize the special character of numerous jobseekers embittered by successive failures which they have experienced in the course of periods of inactivity which have sometimes been long.

All these factors indicate that the task of the placement services of ONEM is difficult and requires personnel with a special dedication.¹¹

West Germany's program for the long-term unemployed has been in operation since 1956, includes emphasis on retraining, and appears to have been

reasonably successful, although, as in the case of the early experience with the Belgian law, the number of employers who hire workers under its provisions is apparently rather small.

According to the most recent regulations of the BAVAVG governing the operation of this program, issued in June 1963,¹² subsidies are available for employers who hire long-term unemployed workers and probably are in a position to provide a permanent job for them. Persons who have received unemployment benefits uninterruptedly for at least 52 weeks, or at least 26 weeks in the case of those 45 years old and older, are considered as long-term unemployed. Periods of incapacity for work or periods of employment, including self-employment, up to 13 weeks, may be counted as part of the period of unbroken unemployment. The period and amount of the subsidies will depend on the circumstances of the particular case, especially the duration of the individual's unemployment and his age. Ordinarily the duration of the subsidy period is not to exceed 26 weeks, but the president of the BAVAVG can extend it in exceptional cases. The subsidy will normally amount to 50 percent of the gross compensation but can be increased to 70 percent for the first 26 weeks in exceptional cases. In most cases the subsidy is to be paid in the form of a grant but in some cases it can take the form of a loan.

A report on the first year of operation of this program indicated that 480

¹¹ National Office of Employment, *Rapport Annuel, 1962* (Brussels: 1963), pp. 34-35.

¹² Federal Institution for Labor Placement and Unemployment Insurance, *Richtlinien zur Förderung der Arbeitsaufnahme vom 7. Juni 1963* (Nuremberg: 1963), especially pp. 11-12.

men and 999 women among the long-term unemployed had been given special training programs, chiefly in public courses, but in some cases in collaboration with firms or on an individual basis. The choice of occupations for which the long-term unemployed were to be trained had to take into account local employment possibilities as well as the applicant's personal qualifications and aptitudes. The men had been trained chiefly in woodworking trades, in various relatively unskilled occupations in the metal trades, and in some cases for simple office work. The women, on the other hand, had been trained chiefly in traditionally female occupations, such as sewing, mending, household work, and nursing. By the end of the year, despite the fact that the first period of training had ended just before Christmas, 11 percent of those who had received the special training had found permanent employment, while it had been possible to transfer others to the regular vocational training courses for adults.¹³

Although I have not been able to obtain more recent statistical information on the operation of this program, I was told by German officials whom I interviewed that the program had worked out reasonably well, in the sense that employers who had hired workers under its terms were usually satisfied with the results. However, not many employers have been attracted to the idea of hiring the long-term unemployed under its terms, and those who have participated have been chiefly small- and medium-sized firms.

¹³ *Industry and Labour*, XVII, June 1, 1957, pp. 443-444.

YOUNGER WORKERS

By far the largest program for the training of youthful unemployed workers, among the countries included in this study, is found in Italy. As the unemployment rate in the country has declined, there has been a tendency for the number of adults enrolled in courses for the unemployed to decrease. At the same time increased emphasis has been placed on the development of training centers for youth, and the number of young persons enrolled in courses under the sponsorship of the Ministry of Labor and Social Provision has increased. With a school-leaving age of 14, inadequate enforcement of compulsory school attendance, particularly in southern Italy, and a large proportion of young people in low-income families who cannot afford to continue their education beyond the elementary school, the need for special programs for unemployed and inadequately trained young persons is considerably more acute than in northern Europe. The problem of illiteracy is still serious, even among young people, in Italy. Although the proportion of illiterates is highest in the southern part of the country, the heavy migration from the south to the north helps to explain a substantial problem of illiteracy in the northern cities as well.¹⁴ Moreover, it was not until the enactment of a law relating to apprenticeship in 1955 that there was any appreciable development of

¹⁴ See Bruno Lesbo, "Formazione professionale: una politica per il mezzogiorno," *Qualificazione: Rivista dell'INAPLI*, January-February 1963, pp. 27-42.

apprenticeship programs in Italy, and the technical schools system is less extensive than in many of the countries of northern Europe.

As indicated in the previous chapter, the number enrolled in courses for young persons financed by the Ministry of Labor and Social Provision increased from 159,000 in the fiscal year 1962 to 163,000 in fiscal 1963. These courses—sometimes referred to as “normal” courses—are actually not confined to unemployed young persons, but are for those 14 to 18 years old not attending school and not in apprenticeship programs, or for older persons (up to 40 years old) who are employed but desire to obtain better jobs.¹⁵ Although trainees receive instruction free of charge, they do not receive training allowances. The courses for young people are apparently given chiefly in Government training centers, but the Ministry also sponsors evening classes for employed persons. In southern Italy there are, in addition, courses sponsored by the *Cassa per il Mezzogiorno* (Fund for the Mezzogiorno region). Ministry of Labor courses for young people last approximately 2 years and involve considerably more basic training than the courses for adults. They are also much more varied—including substantial emphasis on agricultural training, training in office work, and training for a variety of professional and service occupations, as well as the more usual manual training (table 16).

There has evidently been something of a problem over the division of re-

sponsibility between the Ministry of Education and the Ministry of Labor in the vocational training of Italian youth. A joint circular issued April 15, 1959, stipulated that the two agen-

TABLE 16.—TRAINEES ENROLLED IN COURSES FOR YOUNG PERSONS, FINANCED BY THE ITALIAN MINISTRY OF LABOR, 1962–63

| Types of training | Trainees |
|--|----------|
| Total: Number | 163, 000 |
| Percent distribution | 100. 00 |
| Metal | 25. 66 |
| Electrical | 11. 42 |
| Office | 9. 25 |
| Building | 3. 47 |
| Professional | 2. 73 |
| Woodworking, furniture, etc. | 2. 70 |
| Hotel and restaurant | 2. 41 |
| Apparel work and interior decoration | 2. 00 |
| Photography | 1. 80 |
| Hunting and fishing | 1. 53 |
| Sales | 1. 26 |
| Chemical | . 96 |
| Sanitary and hygienic services | . 93 |
| Treatment of nonmetallic minerals | . 71 |
| Textile | . 67 |
| Processing of food and beverages | . 24 |
| Leather | . 13 |
| Communications | . 12 |
| Entertainment | . 09 |
| Occupations in the paper and paperboard industry | . 06 |
| Courses for hostesses | . 04 |
| Language courses for emigrants | . 02 |
| Agricultural | 31. 60 |
| Other | . 20 |

SOURCE: Ministry of Labor and Social Provision, *Direzione Generale dell'orientamento e dell'addestramento professionale dei lavoratori* (Rome).

¹⁵ Cf. Vera Lutz, *Italy: A Study in Economic Development* (London, New York, and Toronto: Oxford University Press, 1962), p. 240.

cies should not compete but should integrate their efforts, and that the courses provided by the Ministry of Education were to be given in vocational schools and were intended for persons 14 to 18. The Ministry of Labor's courses were to aim at enabling young people who for any reason had been unable to attend regular vocational school to acquire basic technical training and were to be given in vocational training centers. Moreover, legislation which had recently been approved at that time provided that the courses of the Ministry of Labor were intended, generally speaking, for young persons over 18 years old.¹⁶ However, it would appear that the Ministry of Labor's courses actually include a good many young people under the age of 18.¹⁷

In Sweden, the training program of the Labor Market Board includes beginners', advanced, and retraining courses. Young persons 15 to 25 years old who cannot be accommodated in the regular vocational schools or who cannot get a job may enroll in the beginners' courses. These courses were started during the recession of 1958-59, when young people in some

areas were hard hit by unemployment, and, because of shortages of capacity in the regular vocational training school system, it was considered desirable to organize beginners' courses for unemployed youth. However, in recent years, young persons have represented a declining proportion of trainees in the courses sponsored by the Labor Market Board. Although 23 percent of the males and 24 percent of the females who began training in 1960, according to a followup sample survey, were under 18 years old, the proportion of trainees in this age group had fallen to 10 percent for males and 9 percent for females by October 1963.¹⁸ Moreover, it will be recalled that in 1962 the lower age limit was raised to 21, although exceptions may be made for young persons who are given training allowances by the Labor Market Board to permit their attendance at Government trade schools. According to a report issued in that year, the board intended to confine beginners' courses in the future to backward young people, since in this field the resources of the ordinary vocational training system were considered inadequate.

Sweden's policy of providing a study grant of 50 SKr a month for any student 16 to 18 years old attending its tuition-free vocational training schools and other secondary schools reduces the need for a special program of courses for unemployed young people under 18. This basic grant is available without application, but students may also apply for other study grants,

¹⁶ *Industry and Labour*, XXII, Nov. 15, 1959, pp. 336-338.

¹⁷ According to Aldo Pallavicino, director of the *Istituto Nazionale per l'Addestramento ed il Perfezionamento dei Lavoratori della Industria* (National Institute for the Training and Further Training of Industrial Laborers) (INAPLI), the so-called extrascholastic and special training courses for youth are intended for young people who have reached the age of 14 and cannot afford a regular school. See his article, "Esperienze italiane in materia di formazione professionale dei lavoratori," in *Qualificazione: Rivista dell'INAPLI*, July-August 1963, pp. 29-34.

¹⁸ Royal Labor Market Board, *Undersökning Rörande Personer som Under År 1960 Påbörjade Yrkesutbildning för Arbetsslösa*, *Arbetsmarknadsstatistik*, No. 2B, 1964 (Stockholm), p. 6.

while maintenance grants are available for those who must live away from home to attend school, and state scholarships as well as travel allowances are available on a means test basis for those who show aptitude for study.¹⁹ However, the number of young people in Sweden has been increasing quite rapidly, as a result of a relatively high birth rate during and after the war, and the number of applicants for admission to the vocational schools greatly exceeds their capacity. It was reported in 1962 that only a little over 50 percent of the applicants could be accepted.²⁰

It will be recalled that in Belgium there have been provisions permitting the admission of young people 18 to 21 years old who meet stipulated conditions with respect to previous employment into the Government training centers since 1961. Although I have not been able to obtain recent statistical information on the proportion of trainees in this age bracket, I have the impression it is fairly substantial. Moreover, in view of the shortage of building trades workers, the unions are exerting pressure to drop the lower age limit for this type of training to 16. They argue that training for the building trades is not very well developed in the technical schools and thus there is no problem of competing with them.

In Britain, the only special provision for youth in the Ministry of Labour's program takes the form of a

policy inaugurated in 1960 under which the first year of apprenticeship training in certain trades is given in the Government training centers. The plan aims at encouraging emphasis on basic training in the first year of apprenticeship and is considered particularly advantageous for small employers who do not have the facilities for offering such training. The apprentices to be trained under the plan are nominated by their employers, who are responsible for paying regular apprenticeship wages, national insurance contributions, and day-release course fees. The Ministry of Labour pays traveling expenses where these exceed ls. 6d. a day, and provides free lodging or a lodging allowance for boys who must live away from home. It was reported in 1963 that the total number of available places for such training had increased to 800—limited, thus far, to certain engineering (metal) trades, radio and electronics servicing, electrical trades, and sheet and plate metal work.²¹ When I visited the training center at Perivale in the outskirts of London, I was informed that the local technical school, where the boys went for their day-release training, chiefly in mathematics, had cooperated very well with the center.

Although France does not have a special program for youth, the lower age limit for admission to Government training centers is 17, and, as we shall see in the next chapter, the proportion of trainees in their late teens is very substantial. The accent on youth in

¹⁹ Swedish Institute and other cooperating organizations, *Social Benefits in Sweden* (Stockholm: 1962), pp. 5-7.

²⁰ Tore Hessler, *Survey of the Swedish Vocational School System*, The Swedish Institute (Stockholm: 1962), p. 1.

²¹ *Ministry of Labour Gazette*, LXXI, November 1963, p. 435.

the French program was defended by virtually all those whom I interviewed in Paris. For one thing the French are concerned about the bulge of young people currently entering the labor market and about the fact that the unemployment rates for teenagers, though not alarmingly high, are considerably higher than for other age groups. For another, adequate training for young people is considered essential in relation to the problem of equipping the labor force to meet present and future technological changes. Moreover, there is a good deal of criticism of the technical schools in France, on the ground that they have not kept pace with technological change and do not have adequate capacity or equipment. A representative of the *Force Ouvrière* (one of the three major labor federations) informed me that the problem of labor force adjustment for those in the 17- to 21-year-old bracket is a difficult one. Many leave school at 17 years old with inadequate training and do not succeed in getting very good jobs. After a few years in the labor force, they are called up for compulsory military training (in practice at 19 years and 6 months old). When they get out of the army, whatever skills they may have had are rusty and they are poorly equipped to re-enter the labor market.

In recognition of this problem, a program of collaboration has been developed among the ministries of the army, labor, and national education. Young men are given as much training as possible while they are in the army within the limits posed by legitimate military needs. They are also given lectures on labor market conditions, opportu-

nities in the various trades, and means of access to information which will help them to make an informed choice with respect to their future careers. The program involves the establishment of contacts between the young men and representatives of the employment service while they are still in the army, so that they can be promptly placed in an appropriate job or referred for training in a government center when they are discharged.²²

The other side of the coin is that there is not a great deal of concern over the problem of older workers in France. Although older people who lose their jobs have difficulty achieving reemployment, the number involved is not large, as the data in table 14 suggest. Union representatives argue that the problem of unemployment among older workers would be more serious if their job security had not been protected through collective bargaining.

WOMEN

As our discussion of types of training has indicated, the only two countries included in this study which place substantial emphasis on retraining opportunities for women are West Germany and Sweden. There is, however, one important difference between these two countries. In West Germany, a woman would not be entitled to income maintenance during a program of re-

²² "Les aspects nouveaux de la politique de l'emploi," *Revue Française du Travail*, XVII, April-June 1963, p. 16.

training unless she could qualify for unemployment insurance or unemployment assistance. A married woman wishing to enter the labor force would be eligible neither for unemployment insurance nor for unemployment assistance, so far as I have been able to determine. In Sweden, however, a married woman may qualify for a full training allowance on a means test basis and may receive a reduced training allowance if her husband's income is such that she cannot qualify for the full allowance. Moreover, I have the impression that the means test is not enforced very stringently, although I did not get detailed information on the amounts of family income that would be associated with reductions in allowances. A representative of the local employment service who accompanied me on a visit to various training programs in Stockholm commented that "some" local offices might deduct part of the training allowance in the case of a married woman whose husband had a "sizable" income. Among married female trainees getting at least the full training allowance of 410 SKr a month with whom I had brief conversations during my visits to these Stockholm classes was one whose husband was a car salesman and another whose husband was an engineer. The engineer's wife was getting an allowance of 485 SKr, which, as I recall, included an allowance for one of her 2 children (who were 5 and 18 years old), and provision for her commuting expenses. A factor in her case, which may have affected the decision to give her the full allowance plus provision for her child, was her need to have someone in the house to care for the

younger child while she attended the course.

These relatively liberal policies with respect to training allowances for married women undoubtedly play an important role in explaining the fact that, with a much smaller labor force and population, Sweden has a considerably larger absolute number of women enrolled in retraining programs than West Germany. Furthermore, in the absence of the substantial increase that has occurred in the enrollment of women, who represent about 45 percent of the trainees, it is difficult to see how Sweden could have come as near to its goal of retraining 35,000 persons a year as it has in the last year or so.

Swedish officials maintain that they will have to rely heavily on increased labor force participation of married women to achieve their desired rate of growth in the next decade or so. Interestingly, however, the OECD examiners who were given the task of appraising Swedish labor market policy expressed the opinion that Sweden was relying too heavily on achieving a large increase in the labor force participation rate of married women, which is already high. A few passages from their report are worth quoting in this connection:

The Swedish Long-Term Planning Commission anticipates that the national income will increase during 1960-65 by about 4 percent per year on the assumption that the labour force will increase by 0.7 percent (28,000 persons) and the rate of productivity by 3.3 percent.

This forecast, however, will only hold good if gainful occupa-

tion of married women continues to increase (to 50 percent in 1970) and if annual net immigration remains at 10,000.

Whether these hypotheses will prove correct will depend, among other things, on whether the present 45-hour week is influenced by a reduction of hours of work in EEC countries. It will also depend on whether the gainfully employed housewives increasingly prefer to take up part-time (rather than full-time) work. This is the case particularly with those who have children of preschool age, as this is the category which will be particularly affected in any further mobilisation of female labour reserves.

It is also quite possible that the number of foreign workers employed in Sweden will decline, especially if the wage levels of other Scandinavian countries approach those of Sweden.

If Sweden wishes to increase her production on the scale required by the objectives of OECD, the Swedish labour market authorities will have to consider increasing the economically active population by a broader immigration policy than at present.

Such a step would appear reasonable, as up to now the Swedish authorities have seemed reluctant to increase the labour force through immigration from southern European and other countries. This restrictive attitude seems, however, to be justified because during periods of recession Sweden gives the same rights to immi-

grant workers who have settled in the country as to Swedish workers.²³

And, again, in a discussion of retraining policies:

A problem for these housewives, however, is the care of their children. For even though nursery schools have been set up in some places by local authorities or employers, the vocational training may not give the gainfully employed housewife a well enough paid job to enable her to pay for the nursery school from her earnings.

The gainfully employed housewife may nevertheless contribute to a net increase of the national product.

Here, too, it is an open question: whether the increased use of foreign manpower would not provide a greater increase of the national income and cause less social inconvenience.

From a purely economic point of view, foreign manpower is preferable if the total consumption of the immigrants is less than the consumption increase resulting from gainful employment of housewives.

In any case, significant results have been obtained by vocational training of both housewives and older women so that this category of manpower meets the requirements of the other workers as well as of the employers.

²³ Organisation for Economic Co-operation and Development, *Labour Market Policy in Sweden; OECD Reviews of Manpower and Social Policies* (Paris: 1963), pp. 52-53.

It still seems doubtful, on the other hand, if it will be possible in the near future to increase the rate of employment, as regards housewives, to 50 percent without interfering with the freedom of workers and employers.²⁴

There are substantial differences between West Germany and Sweden in the types of training provided for women, as the following data on the percent distribution of female trainees in various types of courses in the fiscal year 1961-62 suggest: ²⁵

| | <i>West Germany</i> |
|---|-------------------------|
| Total: Number..... | 2, 116 |
| Percent distribution..... | 100 |
| Textile | 19 |
| White-collar | 69 |
| Other | 12 |
| | <i>Sweden</i> |
| Total: Number..... | 7, 282 |
| Percent distribution..... | 100 |
| Clerical | 26 |
| Retail | 5 |
| Industrial and technical..... | 5 |
| Domestic services, catering... | 5 |
| Nursing | 43 |
| Enterprise training..... | 9 |
| Regular schools of vocational training | 7 |

²⁴ Ibid., p. 56.

²⁵ West German data were supplied by the Federal Institution for Labor Placement and Unemployment Insurance, Nuremberg; Swedish data are from Ingeborg Jönsson, *Vocational Training of Middle-Aged Female Labour*, National Labor Market Board (Stockholm: mimeographed, 1962), p. 6. The German data relate to those who completed training, whereas the Swedish data relate to those who started training during the year.

In West Germany the training provided is overwhelmingly in the field of white-collar work, i.e., for the most part, office and sales work. The number trained for the textile trades makes up an appreciable part of the remainder, while a miscellaneous group is trained for service occupations, probably consisting chiefly of hotel and restaurant work and of private household work, judging from more detailed data available for 1956-57.²⁶

In Sweden, training for clerical and sales work is relatively less important (though the number involved is substantial), while more than two-fifths of the trainees were enrolled in nursing courses in 1961-62. It would appear, however, that the 2,900 women who enrolled in training courses for home samaritan work—already discussed in the section on older workers—are included among the 3,147 who were receiving training in nursing. But efforts were being made to expand nursing training of other types. The Board of Health, the National Labor Market Board, and the Board of Vocational Training were cooperating in arranging courses designed to relieve trained nurses of some of their duties by training women to become specialists in such fields as X-ray work, radiotherapy, and operation assistance. Moreover, training capacity for hospital laboratorians had been expanded from 100 to 600 students annually, while refresher courses were being offered for women returning to nursing after some years of household work,

²⁶ *Accelerated Vocational Training . . .*, op. cit., p. 192. See, also, table 11, which does not, however, provide a breakdown by sex.

as well as courses for clerical workers aimed at relieving trained nurses of office work. There is a problem, however, in connection with the referral of a married woman for training in regular nursing work, over her eligibility to receive a training allowance for the requisite period. Although, in general, there is no limit to the length of time a person may receive a training allowance, under a strict interpretation of the law a married woman desiring to re-enter the labor force is not considered involuntarily unemployed. Local offices stretch the law to provide training allowances for married women in this situation, but some of them, apparently, would hesitate to permit them to receive training allowances for a 2-year program of training in a nursing school. Even for a divorced woman, I was told, there would be some question about her right to receive a training allowance for such a program.²⁷

If the legal situation with respect to the rights of married women and divorcees to receive training allowances is somewhat cloudy, Swedish policies tend to provide ample encouragement for such groups as widows and unmarried mothers to receive training in order to improve their earning capacity. One of the trainees whom I

had a chance to interview (through an interpreter) in Stockholm was an unmarried mother 19 years old who was enrolled in a course for key punchers, which, incidentally, had an upper age limit of 35 (contrary to the normal Swedish policy of avoiding upper age limits), on the ground that experience had shown that older women made relatively inferior progress in this type of training. This unmarried mother had been earning 650 SKr a month as a messenger girl in an insurance company but had been advised by the counselor assigned to her through Sweden's social service system to undertake a training program so that she could qualify for a higher paid job. Her total income during training was 647 SKr a month—almost what she had been earning—which consisted of her own training allowance, an allowance for her child, and a rent allowance. She received only part of the usual rent allowance because she was living with her parents. Even so, her "take-home" pay was actually higher than when she had been working, since her allowances were tax free. When she completed the course, she would qualify for a key puncher's entry wage of 883 SKr a month (about \$177) and would be placed without any difficulty.

A woman entitled to a full widow's pension of 3,325 SKr a year or 277 SKr a month—payable without a means test to a widow with children under 16 or to a widow 50 years old or older at the time of her husband's death—would also receive a reduced training allowance of 135 SKr, or possibly more, depending on her circumstances. Each of her children

²⁷ The question of the legal eligibility of married women desiring to re-enter the labor force for a training allowance was discussed in a conversation with Bertil Olsson, director-general of the National Labor Market Board, while the problem of providing married and divorced women training allowances for a lengthy period of nursing training came up in discussions with a representative of the Stockholm local employment service in the course of my visits to training classes in Stockholm.

under 16 years old would receive a child's pension of 1,000 SKr a year.²⁸

One Swedish official with whom I was discussing the question of retraining opportunities for women expressed the opinion that they were much more likely to be emphasized in the Protestant countries than in the Roman Catholic countries of Europe, where the labor force participation of women continued to be viewed with disfavor. His explanation certainly seems relevant in the cases of Belgium, Italy, and the Netherlands (though Protestants and Roman Catholics both wield an important influence in Dutch affairs), but it hardly fits the case of England, and some of my French interviewees vigorously denied that it was relevant in the case of France, where the proportion of women in the labor force has tended to be relatively high.

In Britain, the Ministry of Labour has taken the attitude that it is much more important to retrain men whose skills are no longer needed than married women. (It will be recalled that in 1962, when the Ministry began to be concerned about redundancy problems, the training allowance for men was raised, while that for women was left unchanged.) When I asked whether structural changes in employment were not resulting in a greatly increased demand for office workers, and perhaps associated shortages of female clerical workers, I was told that there was no shortage of clerical workers except in London, and that it was difficult to get clerical work in the provinces.

The National Economic Development Council takes a rather different

view of the question of retraining opportunities for women, as indicated in its report on *Conditions Favourable to Faster Growth*:

The Ministry of Labour might also review the training courses offered at G. T. Cs. with the object of giving training opportunities to men and women in a wider range of occupations. This might suggest the need for a range of short courses aimed at training in the operation of particular machines or processes in addition to the normal six months' courses and possibly for even longer courses in certain highly technical trades in co-operation with firms which have specialised experience of the kind required. In areas of labour shortage the provision of short introductory courses for married women with little or no previous industrial experience might help to reduce employers' difficulties in employing them and refresher courses for married women with previous training and experience who wish to return to work might also provide a valuable addition to the labour force. An extension of the courses offered at G. T. Cs. and the broadening of the categories of persons eligible for them could not be undertaken without the goodwill of the unions and employers in the industries concerned. A more rapidly growing economy, however, should provide the context for the necessary changes of attitudes.²⁹

²⁸ See *Social Benefits in Sweden*, op. cit., pp. 41-42.

²⁹ National Economic Development Council, *Conditions Favourable to Faster Growth* (London: H. M. Stationery Office, 1963), p. 8.

In France, on the other hand, the *Commissariat du Plan* does not appear to be prepared as yet to push for a substantial expansion of retraining opportunities for women, even though it is exerting pressure toward an increase in the capacity of the Government training centers and in the scope of the program of subsidized training in industry. The report of the *Commission de la Main d'Oeuvre* on the Fourth Plan (for the period 1962-65) included the following interesting passage:

Without doubt the employment and promotion of women meet difficulties, and all the more so because the problem has not been studied in its entirety. A priori, it seems abnormal that there is a scarcity of technicians, engineers, and skilled personnel, while so many young girls cannot find careers where the facts, however, show that women can succeed.

Opinion still remains more or less consciously reserved and hostile to the entry of women into certain careers of a sort in which even females holding diplomas are badly utilized, which can discourage future generations and divert young women from interest in the same paths.

The commission has considered it necessary to examine the entire question in a profound manner; a study will certainly be undertaken: to ascertain the positive results obtained in certain enterprises, to encourage the desires and aspirations of young women, to draw the attention of employers to the possibility of hiring women and young girls.

The commission has not been able to study this problem in the course of its work. But a study group will be formed in the weeks to come, which will be charged with the study of these questions.³⁰

A member of the staff of the *Commissariat du Plan* informed me that he thought there was little likelihood of an increase in emphasis on retraining for women in the near future, although it might come in 5 or 6 years, when the "bulge" of young people had tapered off. He said there was no disposition to allocate scarce resources to the training of women in France at a time of growing concern over the inadequacy of training facilities for men. In the technical colleges, as well as in the Government training centers, capacity is acutely short, and preference in admission tends to be given to boys. Parents of girls, he maintained, would be embarrassed to fight this tendency. He disputed the view that differences in French and Swedish policy were to be explained on a Roman Catholic versus Protestant basis and pointed out that, since the labor force participation rate of French women was among the highest in Europe, there was no feeling of urgency about encouraging an increase in the proportion of women in the labor force.

A number of my interviewees informed me that many entrepreneurs

³⁰ Commissariat Général du Plan d'Équipement et de la Productivité, *Rapport général de la Commission de la Main d'Oeuvre, Quatrième Plan de Développement Économique et Social (1962-1965)*, (Paris: Imprimerie Nationale, 1961), p. 28.



do not want to hire women and/or to provide training for them. M. Simon, director-general of ANIFRMO, also indicated that there was some union opposition within ANIFRMO's various advisory committees to expanding retraining facilities for women. I should surmise, also, that the manner in which France's system of advisory committees is structured militates against pressure toward encouraging training for women. Although the board of directors of ANIFRMO includes representatives of the general employer and labor federations, representation on the more specialized advisory committees and the local advisory bodies appears to consist largely of representatives of the particular industries and trades in which training is being provided.

Among French union representatives, I found differences in attitudes toward the issue of retraining opportunities for women. Although one might expect unfavorable attitudes toward the interests of women in the labor force to be centered in the Christian Trade Union Federation, it was a representative of the *Force Ouvrière* who expressed the opinion to me that married women tended to work only

when it was a matter of economic necessity and that the unions had vigorously supported the family allowance system in France, which was aimed at least in part at making it economically feasible for working-class women to stay at home with their children. Interestingly, in this connection, a recent study of the position of women in French society indicated that male opposition to the employment of women was more pronounced in the working class than in the lower middle or well-to-do classes.³¹

To the extent that there are retraining opportunities for women in France, they are chiefly in the clothing industry and in office work. Although the custom-made (*couturière*) industry is declining in France, the ready-to-wear industry is expanding, particularly in Provence, where, according to union officials, there is a tendency for employers to hire untrained women at low wages outside the union contract for the first 4 or 5 months and provide some training in the shop.³² With respect to office work, a major obstacle to the expansion of retraining programs, also found in other countries to some extent, is the insistence of the Ministry of Education that training for clerical positions be carried on in the regular commercial schools which are under its jurisdiction, rather than un-

³¹ "The Position of Women in French Society: A Psychosociological Survey," *International Labour Review*, LXXXIX, May, 1964, pp. 509-514 (a summary of a study conducted by Marie-José and Paul-Henry Chombart de Lauwe and others at the Centre National de la Recherche Scientifique, Paris).

³² Interview with officials of the Christian Federation of Trade Unions, January 1964.

der the programs of the Ministry of Labor and Social Security.³³

If retraining opportunities for clerical workers are not viewed as a critical need in England, France, and some of the other countries I visited, the explanation seems to lie partly in the fact that the demand for clerical workers has not expanded nearly as much as in this country. I am not certain about the situation in industrial firms, but it comes as something of a surprise to an American visiting government offices in Europe that even fairly top officials have to get along without their own secretaries.

This raises a broader point bearing on the concern over increasing productivity in Europe. Outside of Sweden, and perhaps to some extent West Germany, among the countries I visited, the goal of increasing productivity appears to be rather narrowly conceived as a problem of increasing output per man-hour in manufacturing, construction, and to some extent in transportation and distribution activities. As per-capita income rises, the allocation of funds to provide adequate secretarial services for harried officials may eventually come to be viewed as a legitimate part of a program of increasing national output per man-hour.

OTHER SPECIAL GROUPS

Foreign Workers.—Most of the countries included in this study per-

³³ This point was made by Madame A. Jouhaux, director of the Paris branch office of the ILO, in discussions I had with her on the position of women in the French labor market.

mit the enrollment of foreign workers in retraining programs under specified conditions. Moreover, liberalization of provisions relating to the immigration of foreign workers, and the extension of social security and other rights to such workers, are among the goals of the European Economic Community.

In France, for example, the number of aliens admitted to Government training centers varies according to the labor market situation and the availability of French applicants for admission to training for various occupations. The total number of aliens being trained at any given time may not exceed 10 percent of all trainees in the centers. Aliens are subject to the same selection standards as French applicants and also must have an adequate knowledge of the French language. Preference is given to young aliens residing in France or having family ties with French nationals.³⁴ Moreover, the French Government has entered into arrangements with underdeveloped countries, particularly former French colonies in Africa, under which nationals of those countries are brought to France for training in the Government centers.

The Governments of West Germany and the Netherlands have been involved in agreements with the Italian Government in the last few years under which Italian workers recruited for emigration to these two countries are given an initial period of training in Italy followed by employer-sponsored training in the country of immigration. This type of arrangement is partially

³⁴ *Industry and Labour*, XIII, March 15, 1955, pp. 269-270.

financed by the Common Market social fund and will be considered in more detail in chapter 9.

In Sweden, there are no restrictions on the immigration of workers from other Scandinavian countries, and such workers are eligible for Government retraining programs if they reside in Sweden. Other aliens may be admitted to vocational training courses for adults if they have had steady employment in Sweden for at least 6 months and otherwise meet the usual eligibility conditions.³⁵

Minority Groups.—Although the problem of minority groups assumes much smaller dimensions in Western Europe than in the United States, it is not altogether absent. The visitor is perhaps most aware of the problem in England, where Negroes from the West Indies and Africa now occupy many of the less skilled jobs. Unemployed Negroes are admitted to Government training centers in Britain, provided they are accepted by the advisory committees for their trades and meet other selection standards. I observed a number of Negroes among the trainees at the training center in Perivale on the outskirts of London, but, interestingly, nearly all of them were in a single class which was being trained for wood machinery work. I was told that the admission standards for this class would require some knowledge of mathematics but were considerably easier to meet than for certain other types of training, such as instrument making or radio and television repair. The concentration of Negroes

in this class may have been explained by these easier admission standards, but a more liberal policy toward admission to training on the part of the advisory committee concerned may also have played a role. The manager of the center informed me that the Negroes in this class were likely to be placed eventually, but that it would take longer than in the case of Caucasian trainees and that some employers discriminated against Negroes.

During the early 1950's, large numbers of young north Africans came to France in search of employment, and the problem of unemployment was substantial among them, apparently in large part because of their lack of vocational training and ability. In 1952 it was estimated that there were about 230,000 of these north Africans in the country, of whom 130,000 were unemployed. As in the case of many streams of migration of this type, the gross movement to and from France was much larger than the net movement. Many of those who could not find jobs in France became discouraged and returned to north Africa.

Numerous steps were taken by public and private agencies in France to meet this situation. From 1949 on, Government responsibility toward the north African immigrants was centered in the Ministry of Interior, which developed reception centers, vocational guidance services, provisions for the repatriation of unsuitable applicants for work, and vocational training centers. These centers, so far as I have been able to determine, were administered separately from those under the auspices of the Ministry of Labor and Social Security. In 1952, 76 centers

³⁵ National Labor Market Board, *Swedish Labour Market Policy* (Stockholm: mimeographed, 1962), p. 14.

offered 146 courses, and attendance was increasing rapidly.

Repatriates.—Rather different was the problem facing France when the Algerian war came to a close, and approximately 700,000 French colons were repatriated from north Africa during the year 1962. Although a large proportion of them consisted of children, wives, and older persons who were not in the labor force, the number of repatriated jobseekers registered with the French public employment service reached a peak of 74,000 on December 1, 1962.

French efforts to bring about the employment of these repatriates centered around intensified placement activity, although I have been informed that retraining opportunities were provided for some of them and that upper age limits on admission to the Government training centers were ignored in some of these cases. Although Ministry of Labor officials were somewhat disappointed at the slowness with which the repatriates were placed—only 30,000 had been placed by the end of March 1963, at a time when industrial establishments were reporting large numbers of job vacancies ³⁶—by the end of 1963 most of the repatriates had found employment. However, the experience convinced French labor market officials that intensified efforts needed to be made to bring about more effective matching of job offers and jobseekers. When I was in Paris early in 1964, a plan was being considered under which

each local employment office would notify the Paris office within 24 hours of any unfilled job vacancies. All the information included in such notices would be entered on punchcards. Information on registered jobseekers in all parts of the country would be similarly coded and entered on punchcards in Paris. In this way jobseekers who were qualified for the job openings could be identified by computer. Since the job openings and jobseekers might be widely separated geographically, the proposal also called for providing travel expenses for up to two round trips by unemployed workers, to permit them to investigate job openings in other parts of the country, as well as relocation expenses for those who moved. A special study of these proposals was being made by a regional inspector from Marseilles, who had had unusual success in placing repatriates.³⁷

Another country which has had success in absorbing a large number of repatriates into her economy is the Netherlands. However, the stream of repatriates from Indonesia was not as heavily concentrated in a single year as was the flow of repatriates from Algeria to France. Nevertheless, a substantial effort was made in the Netherlands, particularly in the late forties and early fifties, to provide retraining opportunities and effective placement services for the repatriates.

³⁶ "Les aspects nouveaux de la politique de l'emploi," *op. cit.*, p. 17.

³⁷ This information was supplied by the Labor Attaché, U.S. Embassy, Paris, in an interview with my husband in January 1964.

6

RESULTS OF RETRAINING

THE WEALTH of statistics that has already poured out of the United States Department of Labor on the characteristics of trainees and other aspects of our Manpower Development and Training Act program must astonish officials in European ministries of labor, whose budgets for data collection are obviously extremely limited. I should hazard a guess, also, that more research on retraining has been initiated under our Area Redevelopment Act and Manpower Development and Training Act programs than has been conducted in all of Western Europe in the entire postwar period.

When I asked for data on numbers of trainees and occupations for which they had been trained, I was in some cases supplied with a table which had been typed out for me by a clerk, and in one case I was given a lengthy table which had been carefully copied out by hand. It proved impossible, anywhere, to get statistical data on the characteristics of persons who applied for retraining but, for one reason or another, were not admitted, and most of the available statistics on characteristics of trainees are based, not on

routine administrative data collection, but on followup surveys.

Despite these difficulties, most countries were able to supply some information on placement rates, and the majority of countries included in this study have conducted followup surveys which shed a good deal of light on the characteristics of trainees and on the proportion employed in the occupations for which they were trained a year or so after the completion of training. The fact that member countries may be reimbursed through the

Common Market social fund for 50 percent of the costs of retraining unemployed workers, on the basis of the number employed in the occupation for which they were trained at least 6 months during the year following completion of training, has forced the Common Market countries to develop procedures for contacting ex-trainees a year after they complete their training, as has been suggested in earlier chapters.

PLACEMENT RATES

Placement rates for persons completing training tend to be very high—of the order of 90 to 100 percent—in Belgium, France, the Netherlands, and the United Kingdom, where the labor market is tight. Trainees are chiefly relatively young males, and selection standards are high, or, as in Belgium, unqualified trainees are weeded out in the first few weeks. Even in these countries, however, placement rates vary with the degree of shortage of particular skills and with the state of the labor market in various parts of the country.

It is important to recognize, moreover, that data on placement rates are not precisely comparable because of differences in methods of compiling them. In most countries, I was not able to learn exactly what time period following completion of training was used in determining placement rates, although a few countries were quite precise about this. Another complication in the interpretation of placement rates revolves around the practice

of providing retraining for building trades workers during the winter, when construction work is slack. Some of these workers simply return to their former employers when construction activity increases at the end of the winter, while the rest tend to be placed with ease because of the seasonal pick-up, and it may be surmised that most of them would have been hired regardless of whether or not they had been enrolled in a retraining program. In Belgium, I found that employers in the construction industry sometimes released their workers for a few weeks of training when building activity was slack, called them back to work when business picked up, and perhaps released them for some more retraining several weeks later. Thus, in comparing placement rates from country to country, it is important to keep in mind the fact that the larger the proportion of trainees enrolled in building trades courses, the more important the role of the seasonal pickup factor is likely to be in determining placement rates.

In France I was told that 95 percent of those completing training in the Government training centers were placed within 15 days following the completion of training. In Britain, the overall placement rate was reported to be about 90 percent, but Ministry of Labour officials indicated that it varied with the degree of tightness of the labor market in various occupations and in various parts of the country.

In West Germany and Sweden, where the range of occupations for which training is provided is wider and special efforts are made to provide training for older persons, placement rates tend to be lower. In neither of

these countries, moreover, does training for the building trades play anything like the predominant role that it plays in Belgium, France, and the Netherlands. The overall placement rate in Sweden is about 80 percent, and in West Germany it was reported in the late fifties to be about 80-90 percent,¹ but in both countries rates vary for different types of trainees. The very low expected placement rates for certain groups of predominantly older trainees in West Berlin were discussed in the previous chapter.

In the United States, with its higher unemployment rate, 70 percent of those who completed training under the Manpower Development and Training Act program during 1963 were reported to be employed by the end of the year—88 percent of them in training-related jobs.² Since this is an average figure for all those completing training in the course of the year, it is not precisely comparable with some of the rates cited above for European countries, particularly that for France, where the rate was reported to apply to placement within 15 days of completion of training.

Not all placements occur through the public employment service, but the effectiveness of the public employment service is likely to be a factor in place-

ment success. This is probably less true, however, in tight labor markets, where those trained for shortage occupations tend to find jobs with ease almost regardless of the placement efforts of the public employment offices.

Nevertheless, I was impressed by the many indications that efforts directed toward the placement of trainees are initiated in a number of countries well before the completion of training. In France, employer representatives on the advisory committees in the various *départements* are reported to visit the training centers at frequent intervals and often hire the trainees for their own firms or facilitate their placement with fellow employers.³ In West Germany, placement efforts begin during the second half of the training period. Employers are given an opportunity to visit the courses and to observe the performance of the trainees. Similarly, in England, the manager of the training center which I visited at Perivale informed me that he attaches great importance to his efforts to encourage employers to visit the center and observe the performance of trainees shortly before they have completed training. He commented that employers have tended to assume that the training provided in the Government centers was inferior to that provided in industry, but that frequently these prejudices vanished when they were given an opportunity to observe the work of the trainees.

In the Netherlands, also, efforts are made to contact employers several weeks before a trainee leaves the center. Not only is the gap between com-

¹ See Bertil Olsson, "Employment Policy in Sweden," *International Labour Review*, LXXXVII, May 1963, p. 16, and Organisation for European Economic Co-operation *Accelerated Vocational Training for Unskilled and Semi-skilled Manpower* (Paris: 1960), p. 198.

² *Manpower Research and Training, Report of the Secretary of Labor*, transmitted to Congress March 1964 (Washington, D.C.: U.S. Government Printing Office, 1964), p. 33.

³ E. Rossignol, *The Vocational Training of Adults*, reprinted from *International Labour Review*, October 1957, p. 17.

pletion of training and employment reduced to a minimum as a result of this procedure, but, it is argued, if the trainee knows where he is to be employed well in advance, he is able to prepare himself mentally for his new job. Older trainees, especially, seem to encounter fewer difficulties in adjusting to the job if they "have previously been given the opportunity of getting acquainted with the sphere and customs of the new surroundings."⁴

DROPOUTS

Everywhere there is a certain amount of attrition through dropouts, although information for some countries is scanty. A followup study in Ghent indicated that 25 percent of those who had been enrolled in courses in that city from 1952 to 1958 had dropped out before completion of the course.⁵ In the Netherlands, annual data on dropout rates have been compiled, indicating that they have varied somewhat from year to year, ranging from a low of about 15 percent to a high of 34 percent in the period from 1947 to 1956.⁶ Financial reasons, including the opportunity to take a job at

an attractive wage, account for a substantial proportion of dropouts.⁷ When I was in The Hague in the summer of 1963, I was informed that a good many men dropped out of building trades courses to take advantage of "black wages" in the construction industry.

In Sweden, a followup survey of those who started training in 1960 indicated that 30 percent of the men and about 15–16 percent of the women had dropped out before completion of the course. The fact that the duration of the training period tended to be considerably longer for the men than for the women was regarded as an important factor in explaining this difference.⁸ Interestingly, an analysis of dropouts in the United States in the third quarter of 1963 also revealed a higher rate for men (25 percent) than for women (20 percent). The fact that a substantially higher proportion of the men than of the women gave financial reasons for dropping out was regarded as being explained, in large part, by the fact that the men were more likely to have family responsibilities. The women were somewhat more likely to mention lack of progress, illness, or family problems as reasons for dropping out.⁹

As suggested in chapter 4, increases in training allowances in various countries have been aimed partly at discouraging dropping out before the

⁴ Ministry of Social Affairs and Public Health, *Vocational Training for Adults in the Netherlands* (The Hague: no date), p. 96.

⁵ M. Versichelen, *Onderzoek naar de Sociale en Psychologische Gevolgen van Arbeidsmutaties*, Seminar for Sociology, University of Ghent (Ghent: mimeographed, 1961), pp. 8–36.

⁶ *Accelerated Vocational Training . . .*, op. cit., p. 432.

⁷ *Industry and Labour*, V, June 1, 1951, pp. 423–425.

⁸ Royal Labor Market Board, *Undersökning Rörande Personer som Under År 1960 Påbörjade Yrkesutbildning för Arbetsslösa*, *Arbetsmarknadsstatistik*, No. 2B, 1964 (Stockholm: mimeographed, 1964), p. 12.

⁹ *Manpower Research and Training*, op. cit., p. 35.

completion of training. I have not, however, been able to obtain sufficiently detailed data to determine whether recent increases, which have significantly affected relationships between training allowances and wage rates in a number of countries, have had any effect on dropout rates.

FOLLOWUP SURVEYS

Of special interest are the results of followup surveys which have been conducted in certain countries, though the results are not precisely comparable because of various differences in methodology, particularly with respect to the time lag between completion of training and the date of the survey. Even so, the information on subsequent employment experience of trainees seems generally consistent from country to country.

Apart from yielding data on subsequent employment experience, most of the available statistical data on characteristics of trainees stem from these followup surveys, as already suggested. Let us turn first to this aspect of the survey data.

Characteristics of Trainees.—Judging from the results of followup surveys and other sources of information, the accent on youth is most pronounced in the French retraining program. It seems likely, also, on the basis of what has been said about the predominant importance of the training program for young persons in Italy, that the age distribution of all trainees in ministry of labor programs is at least as youthful in Italy as in France. However, I

have not been able to obtain statistical data on the age distribution of Italian trainees, and it must be remembered that the so-called courses for young persons in Italy are not confined to teenagers.

A study conducted in 1958 by the *Centre d'Études et Recherches Psychotechniques* in Paris obtained information (chiefly through interviews, but partly through mailed questionnaires) on a random sample of approximately 1,500 trainees who completed training in the Government training centers in France between the middle of 1954 and the middle of 1955. The results indicated that in 1954 nearly 60 percent of these trainees were less than 20, while 28 percent were 20 to 27 years old. Only 12 percent were in the age bracket 28 to 35 and only 1 percent over 35. Moreover, almost all of the trainees were unmarried, which would tend to confirm the skepticism on the part of union officials, cited earlier, about the ability of married men to support their families on the training allowances.¹⁰ It should be recognized, however, that Government policies have changed somewhat since 1954-55, and it may well be that the proportion of teenagers is somewhat lower and the proportion of married men somewhat higher at present than indicated by this survey. It will be recalled that the lower age limit for the "second-degree" training programs is 21, and that training allowances for those who can qualify for private unemployment insurance, as well as for those enrolled in second-degree pro-

¹⁰ Jean Grisez, "La situation professionnelle des anciens stagiaires F. P. A.," reprinted from the *Revue Française du Travail*, January-March 1960, p. 11.

grams, are higher relative to wages than the allowances available in 1954–55. I was informed by a representative of the *Force Ouvrière*, which recently published a report on vocational training in France, that the average age of trainees in the Government centers was about 24.

The Verschelen study of 41 trainees enrolled in courses in the city of Ghent in the fall of 1959 indicated that all were men and that only 7 percent were less than 21 years of age, while nearly half were 21 to 30 years old. Most of the rest were in their thirties, but 15 percent of the trainees were over 40 years of age. Here again, however, policies have changed in a number of respects since 1959, and there are now special provisions relating to those 18 to 21 years old in Belgium, as we have seen. I should judge from my observations and from what I was told about the age of trainees in the training centers that I visited in Belgium that the proportion of trainees under 21 years old would now be somewhat higher than that suggested by the Ghent sample. On the other hand, many of the women enrolled in a course for stenographers in Brussels appeared to be 35 years old or older, while the age distribution of trainees in the new special centers for observation and selection appears to be somewhat higher than in the regular training centers, as indicated in the previous chapter.

In the early 1950's Dutch trainees were predominantly youthful. Among those who completed training in 1953, for example, 73 percent were less than 30 years of age.¹¹ More recent infor-

mation indicates that the average age of Dutch trainees is about 28½ years.¹²

As suggested in the previous chapter, there has been increased emphasis on retraining opportunities for older persons in Sweden in recent years and a tendency to confine training for youth in courses sponsored by the Ministry of Labor to backward young persons. These policy changes are reflected in a gradual upward shift of the age distribution of Swedish trainees, as indicated by data for 1960 to 1962: ¹³

| Age | Men Women | | Both sexes | |
|----------------------|-----------|------|---------------|---------------|
| | 1960 | | 1961 (May) | 1962 (May) |
| Under 18 | 22.9 | 23.9 | 20.2 | 16.5 |
| 18 to 21 | 19.0 | 22.8 | 20.1 | 19.9 |
| 22 to 34 | 34.5 | 22.9 | 29.9 | 30.0 |
| 35 to 44 | 16.0 | 20.9 | 17.9 | 18.7 |
| 45 or more | 7.6 | 9.5 | 11.9 | 14.9 |

Occupation Before Training.—Interesting relationships between the occupations of trainees before they enrolled in training programs and the occupations for which they were trained are provided by the results of followup surveys and other sources of information.

The Verschelen study in Ghent indicated that about three-fourths of the trainees were being trained in occupations they had practiced before. More detailed data from the French 1958 survey indicate that those who

¹² Ministry of Social Affairs and Public Health, *Resultaten van de Vakopleiding in 1960* (The Hague: mimeographed, 1963), p. 4.

¹³ For 1960 data, see *Undersökning Rörande . . .*, op. cit., p. 6. For the sampling method used in this survey, see footnotes to table 12. Data for 1961 and 1962 are from Håkan E. Håkanson, *Vocational Training of Unemployed Persons*, National Labor Market Board (Stockholm: mimeographed, 1962), p. 12.

¹¹ *Industry and Labour*, XIV, Nov. 1, 1955, pp. 402–404.

TABLE 17.—VOCATIONAL ORIGIN OF TRAINEES¹ IN GOVERNMENT TRAINING CENTERS, BY GROUPS OF COURSES IN WHICH THEY RECEIVED TRAINING, FRANCE, 1954-55

[Percent]

| Groups of courses | Occupational sectors | | | | Did not work | | |
|--|----------------------|----------|----------|---------------|--------------------|------------------|-------|
| | Agriculture | Building | Industry | Miscellaneous | Unemployed or sick | School or center | Other |
| All courses ² | 19 | 28 | 12 | 14 | 18 | 6 | 3 |
| Cement work..... | 27 | 42 | 5 | 7 | 13 | 2 | 4 |
| Concrete, bricklaying, plastering..... | 17 | 31 | 11 | 14 | 20 | 5 | 2 |
| Second-level building trades..... | 16 | 22 | 12 | 18 | 21 | 9 | 2 |
| Metal trades..... | 10 | 4 | 33 | 22 | 14 | 13 | 4 |

¹ As explained in the text of the report, the data on vocational origin of trainees refer to the occupation in which they were employed or the type of activity in which they were engaged just previous to their application for training.

² The sample included 1,472 trainees, of whom 119 could not be located or had died. The number of respondents in the various groups of courses (i.e., the base for the percents in the various columns) was as follows: cement work, 223; concrete, bricklaying, and

plastering, 372; second-level building trades, 446; and metal trades, 431.

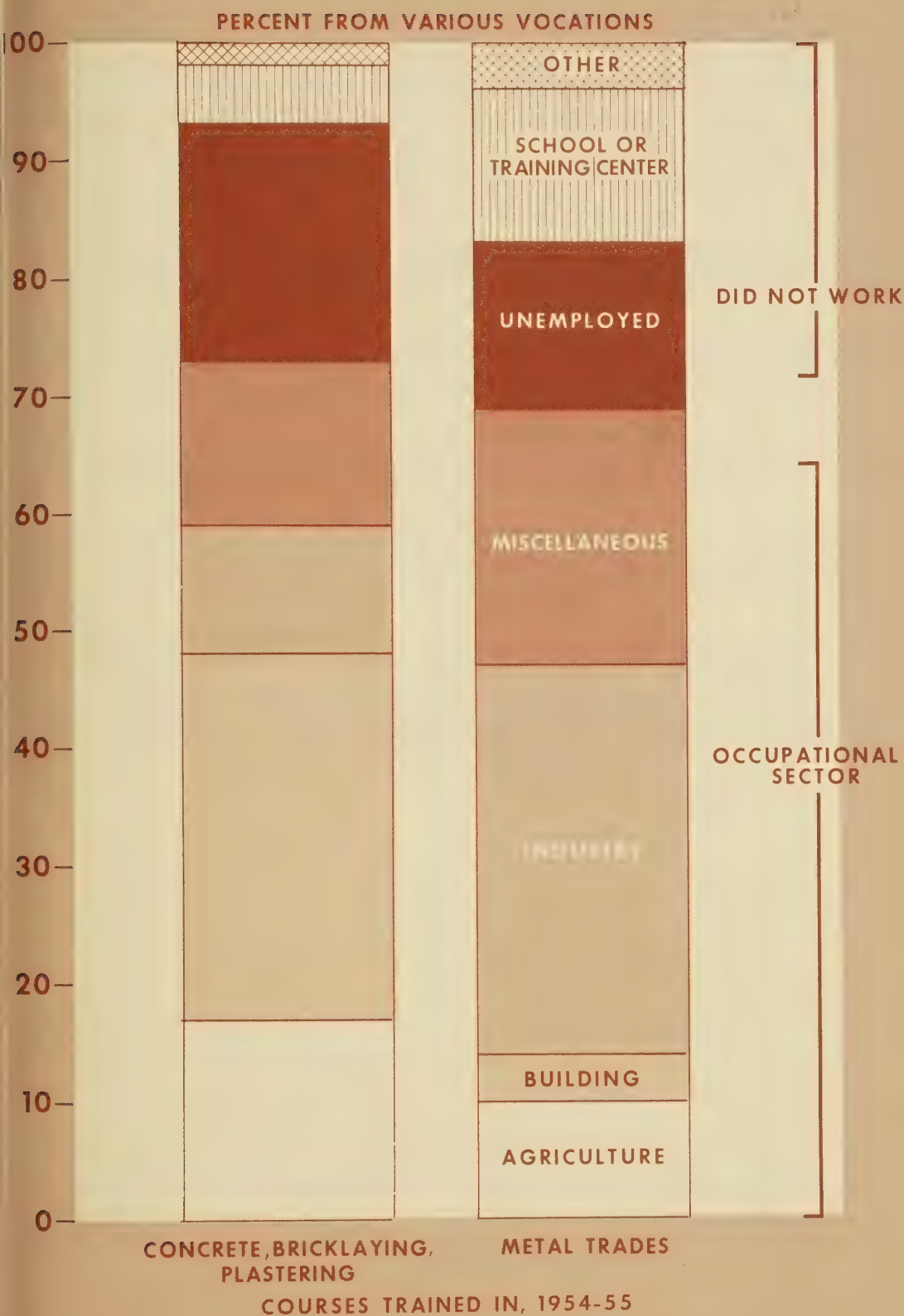
SOURCE: Jean Grisez, *La situation professionnelle des anciens stagiaires F.P.A.*, reprinted from *Revue Française du Travail*, January-March 1960, p. 12. As indicated in the text, the survey was conducted in 1958 and included a random sample of persons who completed training in the French Government training centers in 1954-55.

entered training for cement work, bricklaying, etc., were predominantly from the building trades, agriculture, and the unemployed (table 17). According to the director-general of the *Association Nationale Interprofessionnelle pour la Formation Rationnelle de la Main d'Oeuvre* (National Association for the Rational Training of Manpower) (ANIFRMO), those with backgrounds in the building trades are chiefly laborers wanting to upgrade themselves. Those who undertook training in the so-called second-level building trades included

a somewhat larger proportion from miscellaneous occupations and from apprenticeship centers or schools than did those training for the less skilled building trades. The majority of those undertaking training in the metal trades, on the other hand, had come from industrial or miscellaneous occupations, and the percent from apprenticeship centers or schools was higher than for other trainees. (See chart 4.)

French policies are deliberately designed to encourage persons leaving agriculture to enter training for the

COURSES TAKEN BY FRENCH TRAINEES REFLECT THEIR VOCATIONAL ORIGINS



building trades. As the director-general of ANIFRMO put it to me, agriculture is the main source of *dégagement* (movement out of an industry), but those with agricultural backgrounds are regarded as unqualified for training in the metal trades and as suited, rather, for training in such occupations as bricklaying and cement work. Training centers for the building trades are located throughout the country so as to be accessible to those living in rural villages who would like to get out of agriculture and into another occupation. Metal trades centers, however, are more likely to be located in or near cities producing metal products, while second-degree training, as we have seen, tends to be concentrated in relatively few centers.

Dutch policies with respect to the location of training centers are very similar to those in France, and there is similar emphasis on encouraging per-

sons moving out of agriculture to train for the building trades. Fifteen percent of those completing training in the Netherlands in 1960 had previously been employed in agriculture. Dutch data on the relationship between the skill level for which workers were being trained and their previous skill levels are of interest (table 18). The great majority of trainees who completed training in the Government centers in 1960 had previously been employed at skill levels one to three, while all but a relatively small number were trained for skill levels four or five. Among those who were trained for level-five occupations, the proportion whose previous skill level was four or higher was relatively large. Skill levels two through five are described as follows in a recent Dutch report:

Level two—little initiative required; only a few weeks of training necessary; examples, deliveryboy, construction helper.

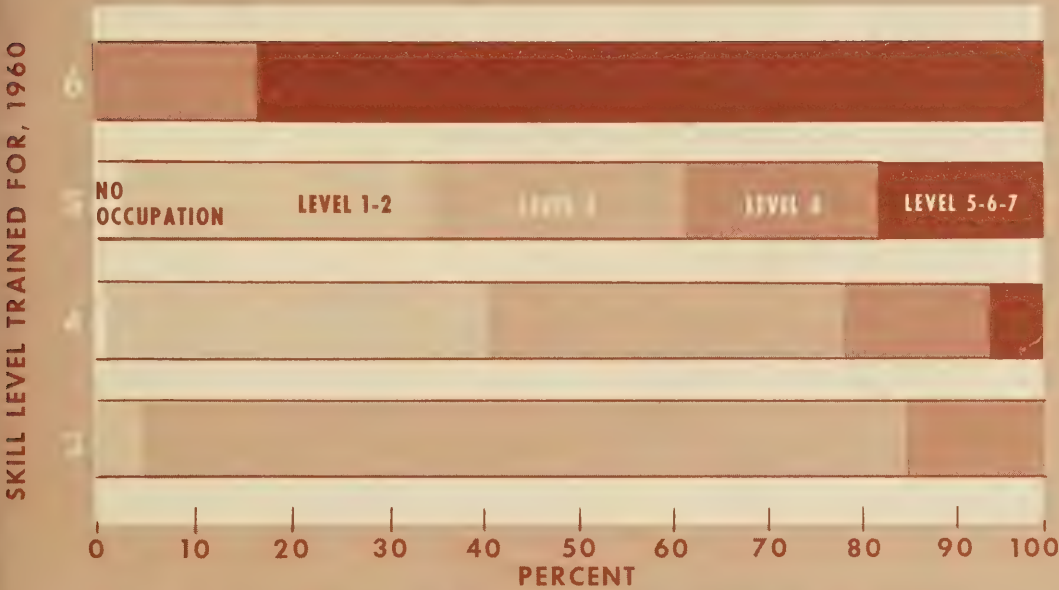
TABLE 18.—SKILL LEVEL FOR WHICH THOSE WHO COMPLETED TRAINING WERE TRAINED, BY PREVIOUS SKILL LEVEL, THE NETHERLANDS, 1960

| Previous skill level | Skill level for which trained | | | | |
|---------------------------|-------------------------------|-------|-----|-----|-------|
| | Total | 3 | 4 | 5 | 6 |
| Total: Number..... | 1, 705 | 44 | 830 | 825 | 6 |
| Percent distribution..... | 100 | 100 | 100 | 100 | 100 |
| No occupation..... | 2 | ..... | 1 | 3 | ..... |
| 1, 2..... | 35 | 5 | 40 | 31 | ..... |
| 3..... | 33 | 79 | 37 | 28 | ..... |
| 4..... | 18 | 16 | 16 | 20 | 17 |
| 5, 6, 7..... | 12 | ..... | 6 | 18 | 83 |

SOURCE: Ministry of Social Affairs and Public Health, *Resultaten van de Vakopleiding in 1960* (The Hague: mimeographed, 1963), p. 7.

CHART 5

IN THE NETHERLANDS, THOSE BEING TRAINED AT SKILL LEVELS 4 AND 5 ARE HAVING SKILLS UPGRADED



SOURCE: U.S. DEPARTMENT OF LABOR, OFFICE OF MANPOWER, AUTOMATION AND TRAINING, FROM DATA SUPPLIED BY THE MINISTRY OF SOCIAL AFFAIRS AND PUBLIC HEALTH, THE HAGUE.

Level three—practical experience of some months required; examples, chauffeur, spray painter.

Level four—quite a lot of practical experience and some theoretical understanding required; examples, baker, bricklayer, street and road work.

Level five—ability, experience, theoretical knowledge necessary to a greater extent than in level four, examples, tailor, instrument maker, auto mechanic.¹⁴ (See chart 5.)

The only other country for which I have been able to obtain statistical data

¹⁴ *Resultaten van de Vakopleiding in 1960*, op. cit., p. 6.

on the previous occupations of trainees is Sweden (table 19). As in France and the Netherlands, a significant proportion of the men had previously been employed in agriculture, while substantial percents had been employed in industrial trade or had previously been enrolled in courses for youth. About three-tenths of the women had been enrolled in courses for youth, while significant proportions had previously been engaged in housework, service work, or office work. (See chart 6.)

Although none of the available statistical data on the occupational backgrounds of trainees are sufficiently

TABLE 19.—PERSONS ENROLLED IN GOVERNMENT-SPONSORED TRAINING PROGRAMS IN 1960, BY PREVIOUS OCCUPATIONAL BACKGROUND, SWEDEN

| Type of training | Men | Women |
|---------------------------------|---------|---------|
| Total: Number | 11, 131 | 21, 095 |
| Percent distribution | 100. 0 | 100. 0 |
| Agricultural | 15. 4 | 0. 3 |
| Industrial | 23. 1 | 9. 1 |
| Building | 9. 1 | ..... |
| Transport and storage | 11. 9 | 2. 2 |
| Office | 4. 3 | 13. 2 |
| Service | 1. 9 | 14. 6 |
| Housework . . . . . | ..... | 25. 5 |
| Courses for youth | 21. 5 | 29. 7 |
| Other | 12. 8 | 5. 4 |

¹ Total who responded to a sample survey conducted in September 1962; the sample included every sixth man who started training in 1960, except that for those starting May–August, the sample included every third man.

² Total who responded to a sample survey conducted in September 1962; in the case of women, all who started training in 1960 were included in the survey.

SOURCE: Royal Labor Market Board, *Undersökning Rörande Personer som Under År 1960 Påbörjade Yrkesutbildning för Arbetslösa*, Arbetsmarknadsstatistik, No. 2B, 1964 (Stockholm: mimeographed, 1964), p. 8.

detailed to identify persons who were previously self-employed, I was informed on my visit to the center at Charleroi in Belgium that a number of the trainees in the center were persons who had formerly been self-employed. I should suspect that the self-employed form a significant source of trainees in some other countries as well, although probably a very minor source in France

because of the particularly restrictive age limits on admission to the centers. The decline in the relative importance of self-employment in Western Europe, it will be recalled, was discussed in chapter 2 as a significant type of structural change in employment.

The data in chapter 2 indicate, also, that mining is a significant source of *dégagement*. Another industry in which there have been problems of labor displacement in a number of European countries is the textile industry, but, for the many displaced textile workers who are women, access to retraining may be limited in countries which have not emphasized retraining for women. Among the studies conducted by the Seminar for Sociology at the University of Ghent was a study of workers who had lost their jobs when a textile plant in the city had closed about the end of 1957. Some of the displaced female textile workers who were interviewed complained about the complete absence of retraining opportunities for women in Ghent at the time, although many of the older women were quite content to leave the labor force after they lost their jobs.¹⁵

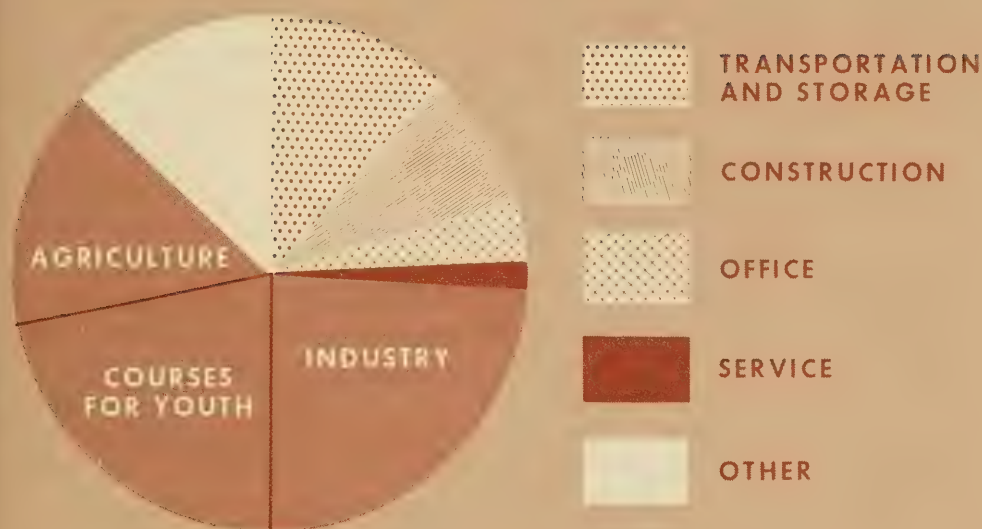
Subsequent Employment Experience.—As suggested above, data relating to the subsequent employment experience of those who completed training seem generally consistent from country to country, despite differences in the time period between the completion of training and the dates of the various followup surveys.

The Versichelen study carried out in Ghent in 1959 indicated that 69 percent of all trainees who had completed training in the Ghent area during the

¹⁵ Versichelen, op. cit.

CHART 6

MAJORITY OF SWEDISH MALE TRAINEES COME FROM INDUSTRY, COURSES FOR YOUTH, AND AGRICULTURE



SOURCE: U.S. DEPARTMENT OF LABOR, OFFICE OF MANPOWER, AUTOMATION AND TRAINING, FROM DATA SUPPLIED BY THE ROYAL LABOR MARKET BOARD, STOCKHOLM.

1945–59 period were still employed in the occupation for which they were trained, while 70 percent of a sample of those who completed training in 1956 were so employed.¹⁶

The Grisez 1958 French survey of a sample of persons completing training in 1954–55 indicated that 365 of the 1,353 who were interviewed or returned mailed questionnaires were in military service at the time of the survey.¹⁷ For those in military service,

¹⁶ Ibid., pp. 8–36.

¹⁷ Data relating to 139 persons who left military training during the course of the study indicated that those who were working in the occupation for which they were

information on their employment status and occupation just before entering military service was used as a basis for determining whether or not they were working in the occupation for which they had been trained.¹⁸ It was found that, for the respondents as a whole, including those in military service at the time of the survey, 65 percent were employed in precisely the

trained just before entering the service were highly likely to return to that occupation upon completion of their military training, whereas those who had not been employed in it before entering the army were unlikely to return to it afterward.

¹⁸ Ibid., p. 15.

occupation for which they were trained, while 73 percent were employed in that or a closely related occupation. Excluding those in military service, the corresponding proportions were 62 and 70 percent. Reasons given for abandoning the trade for which they had been trained were, in order of importance, problems of health, low wages, unpleasant conditions of work, dismissal at the end of a building project, and advantages of another trade.¹⁹

The Dutch data are particularly interesting because graduates of training programs have regularly been contacted a year after completion of training, though not all can be reached. In the years from 1956 to 1962, the percents found to be employed in the occupation for which they were trained ranged from 75 in 1958 (a recession year) to 92 in 1962 (a year of very low unemployment).²⁰ It should be noted that these percents were based on the number of persons for whom information could be obtained, excluding those who could not be located, had emigrated, or were in military service. If the percent of those completing training in 1960 (89) is recomputed, including nonrespondents in the base and assuming that none of the nonrespondents is employed in the occupation for which he was trained, it becomes 75 percent. However, it seems likely that some of the emigres find employment in the occupations for which they were trained and that some of those in the

military service are likely to be employed in those occupations when they are discharged. In this connection, it should be noted that if the French percents, excluding the military, cited above are recomputed on the assumption that none of the nonrespondents was employed in the occupation for which he was trained, it is found that 57.5 percent were employed in precisely the occupation for which they were trained and 65 percent in that or a closely related occupation. In comparing these percentages with the Dutch data, it must be kept in mind that the French survey was conducted in 1958, when the Dutch percent, excluding nonrespondents, was only 75 percent, and that the French survey was conducted some 3 to 4 years after the trainees had left their training, whereas the Dutch surveys are based on a procedure in which an effort is made to contact each trainee a year after he has completed training.

In this connection, however, it is interesting to point out that the Dutch have found that any difficulties the trainees encounter in "settling down in their new trades" will "always be apparent" within 6 months following completion of training.²¹ The French 1958 survey, however, indicated that only 22 percent of those who had abandoned the occupation for which they had been trained had done so within the first 6 months, whereas almost half had not abandoned it until 2 years or more of employment in the occupation. Interestingly also, these percents were very similar for the building and metal trades.²²

¹⁹ Ibid., pp. 17 and 27.

²⁰ See *Resultaten van de Vakopleiding in 1960*, op. cit. p. 3, and *Jaarverslag Rijksarbeidsbureau* (Annual Report of the National Labor Bureau), 1961 and 1962 (The Hague: mimeographed).

²¹ *Industry and Labour*, XII, Nov. 15, 1954, pp. 466-469.

²² Grisez, op. cit., p. 25.

Results of a Swedish survey conducted in September 1962, which investigated the status of persons who had started their training in 1960, are not comparable with the Belgian, French, and Dutch results because those who dropped out before completion of the course are included in the computation of percents, and data are not available which would permit adjusting the percents. However, the Swedish Labor Market Board has also published statistics relating to the subsequent employment status of persons who completed training in the first quarter of 1959, the first quarter of 1960, and the second quarter of 1960, but the data related to their employment status less than 2 months after the end of the quarter:²³ (See text tabulation, below, and chart 7.)

The fact that the percent seeking employment was much larger in May 1959, when Sweden was still feeling the effects of the 1958-59 recession, than it was in either May 1960 or August 1960 is an interesting aspect of these Swedish data. The September

1962 survey, mentioned earlier, which includes dropouts, provides data on the percent distribution of those who started training in 1960 according to the manner in which they spent more than half of the weeks intervening between their departure from the course and the survey date. The results indicate that 77 percent of the men and 70 percent of the women spent more than half of these weeks in the labor force. Among the men, nearly 9 percent spent more than half of the time out of the labor force for miscellaneous reasons, while illness and military service accounted for the time out of the labor force for most of the others. Among the women, 13.5 percent were engaged in household work during more than half of these weeks, while most of the others were out of the labor force more than half of the time for miscellaneous reasons or because of illness.²⁴ These results, as well as somewhat similar data relating to the distribution of weeks according to the manner in which they were spent by

| | <i>May 25, 1959</i> (Those completing training first quarter of 1959) | <i>May 25, 1960</i> (Those completing training first quarter of 1960) | <i>August 25, 1960</i> (Those completing training second quarter of 1960) |
|---|--|--|--|
| Total: Number..... | 319 | 1, 121 | 1, 149 |
| Percent distribution..... | 100 | 100 | 100 |
| In occupation for which trained... | 53 | 65 | 67 |
| In allied occupation..... | 11 | 6 | 7 |
| In different occupation..... | 10 | 9 | 12 |
| Seeking employment..... | 16 | 4 | 3 |
| Undergoing vocational rehabilitation..... | 2 | 2 | 2 |
| Not currently seeking employment (national services, illness, etc.)... | 8 | 14 | 10 |

²³ Håkanson, op. cit., p. 13.

²⁴ *Undersökning Rörande. . .*, op. cit., p. 13.

CHART 7

MOST SWEDISH TRAINEES IMMEDIATELY ENTER OCCUPATIONS FOR WHICH THEY ARE TRAINED

TRAINEES IN THE SECOND QUARTER OF 1960 LESS THAN 2 MONTHS AFTER THE END OF THE QUARTER



SOURCE: U.S. DEPARTMENT OF LABOR, OFFICE OF MANPOWER, AUTOMATION, AND TRAINING, FROM DATA SUPPLIED BY THE NATIONAL LABOR MARKET BOARD, STOCKHOLM.

men and women, suggest this: where women make up a substantial proportion of all trainees, the proportion of trainees engaged in the occupation for which they were trained some time after completion of training is likely to be lower than in countries where trainees are predominantly male, because of the tendency of married women to move into and out of the labor force.

Of interest, also, are data resulting from this Swedish survey indicating that trainees of both sexes in Västerbottens and Norrbottens, areas of higher unemployment, spent a substan-

tially larger number of weeks unemployed between the time they left training and the survey date than trainees in other parts of the country.²⁵

The French 1958 survey showed no significant age differences in the percents employed in the occupations for which they were trained, but it must be kept in mind that only 13 percent of the trainees were more than 27 years old and only 1 percent over 35. Dutch data for those who completed training suggest that adverse effects of age do not begin to show up until after about age 35. The percent of those 35 to 39

²⁵ Ibid., p. 15.

years old who were employed in the occupation for which they were trained a year after completion of training was somewhat lower (84) than the corresponding percents for younger age groups (90 to 92). Although some trainees were 40 years old or older, the number was not large enough to yield a reliable measure of the percent of "success." The Dutch data also indicate that, among those who started training in 1960 but did not complete it, only 36 percent were employed in the occupation for which they were trained, as compared with 89 percent of those who completed their training.²⁶

Both French and Dutch followup surveys have indicated that the percent employed in the occupations for which they were trained tended to be somewhat higher in the metal trades than in the building trades. This is probably largely explained by the short-term nature of many jobs in the building trades. It will be recalled that "dismissal at the end of a building project" was one of the reasons given by French respondents for abandoning the trade in which they had been trained. The French survey also showed that there was a higher rate of abandonment among those who had been employed by small building establishments, and also among building

trades workers in relatively large communities, where there is likely to be a broader range of alternative job opportunities.²⁷

The similarities in the results of these followup surveys suggest that it may be possible eventually to develop reasonably accurate predictions with respect to the probable results of retraining in various occupations and under varying labor market conditions. However, there is a need for more systematic and regular publication of statistics relating to the operation of retraining programs and of followup surveys in countries that have not attempted them. Moreover, the results could obviously be more readily compared if the various countries would agree on a standard methodology for such surveys. Such standardization is likely to develop in the Common Market countries but could also be encouraged for a larger group of countries by the OECD. There is also a need for more studies involving interviews with trainees, such as the Ghent studies, as well as with employers who have hired those who have completed training programs. And finally, there is a decided need for studies in which the subsequent employment experience of trainees is compared with the experience of control groups, consisting, for example, as in the case of Somers' studies in West Virginia, of persons who have dropped out of training or of jobseekers who have not entered training programs.²⁸ I did not come across surveys using this approach in any of the countries included in this study.

²⁶ In his studies of retraining in West Virginia, Prof. Gerald G. Somers has found a significant decline in placement rates with advancing age and much lower placement rates for persons who dropped out before completion of training. See his paper on "Retraining: An Evaluation of Gains and Costs," in Arthur M. Ross, ed., *Employment Policy and the Labor Market* (Berkeley: University of California Press, 1965).

²⁷ Grisez, op. cit., pp. 28-29.

²⁸ Somers, op. cit.

APPRAISALS

Although careful evaluation of the results of retraining programs must rest, to a considerable extent, on statistical data, it is also important to take into account the opinions of informed persons such as the employer and labor representatives whom I interviewed in various countries. In general, I encountered very little criticism of the quality of the training provided through these government programs, although there was some tendency on the part of employer representatives in countries with strong apprenticeship traditions to regard the training given in government centers as inferior to training in industrial establishments. On the other hand, the government officials responsible for retraining programs were often critical of the training offered in industry. Union representatives tended to be favorably impressed with the quality and usefulness of the programs, confining their critical comments to difficulties which they felt stood in the way of their expansion, such as inadequate appropriations or inadequate training allowances.

As suggested in chapter 3, rarely is it claimed that those who have completed retraining programs are as well trained as persons who have gone through an apprenticeship program or a complete course of training in a tech-

Retraining in Western Europe

nical or commercial school. On the other hand, there is widespread recognition of the fact that adults who have been accustomed to working do not require as long a period of training as the youngster entering an apprenticeship program. In many cases the graduates of accelerated training programs for adults can approach the skill of a more thoroughly trained worker after 6 months to a year on the job. Moreover, success with these accelerated programs has undoubtedly been a factor in arousing widespread criticism of policies requiring overly long apprenticeship periods and in bringing about a significant trend toward reduction in the length of apprenticeship programs and toward greater flexibility in duration according to the needs of individual trades. On the other hand, as suggested in the introduction, technological changes are leading to increasing emphasis on the need to provide young persons with more broadly based training. If retraining programs for adults have come to be recognized as a permanent instrument of labor market policy, to encourage adaptation to technological change, it is also recognized that they are no substitute for adequate training at the start and that the retraining problems of the future will be exacerbated if young people entering the labor market now and in the near future do not have an adequate educational background.

CURRENT AND FUTURE PROBLEMS

IN THE previous chapters, we have discussed a number of factors which have played a role in the development and expansion of retraining programs, including the breadth and variety of course offerings, the adequacy of training allowances, and policies relating to training opportunities for special groups. In the present chapter, we shall consider certain other factors which have affected the number enrolled in retraining programs (table 8 and 9, in chapter 3) and which may be expected to play a role in the future.

INADEQUATE APPROPRIATIONS

Inadequate appropriations for retraining have held back expansion that might otherwise have occurred, particularly in France and Italy, and perhaps also to some extent in Sweden.

Whether, and to what extent, the problem of inadequate appropriations is likely to play a role depends, at least in part, on the method of financing.

As suggested earlier, retraining in West Germany is financed mainly through unemployment insurance reserves, and, with very low unemployment rates in recent years, the funds available have been ample to meet the costs of retraining and other labor market adjustment policies. In fact, I was told by officials of the *Bundesanstalt für Arbeitsvermittlung und Arbeitslosenversicherung* (Federal Institution for Labor Placement and Unemployment Insurance) (BAVAVG) that there is no upper limit on the amount a local employment office might be authorized

to spend in combating a particularly difficult local unemployment situation resulting, let us say, from the closing of a plant which had played an important role in providing jobs in the area. If the numbers enrolled in retraining courses in West Germany have fallen off sharply, it is not because of inadequate funds but because no decisive steps have been taken to adapt eligibility conditions and other provisions, which were developed in a period of heavy unemployment, to the changing needs of an extremely tight labor market.

The situation in France is very different. There is no public unemployment insurance system in France, and the costs of retraining programs sponsored by the Ministry of Labor and Social Security are met entirely through appropriations from general revenues. During the first years after the war, the retraining program was regarded as provisional and was aimed particularly at meeting the postwar shortage of building trades workers. About 1951, the program began to be looked upon as a permanent and important part of the campaign to increase productivity. However, appropriations fluctuated for several years until about 1955-57, when a large increase occurred, and the capacity of nonbuilding training sectors was doubled and then tripled.¹

¹ This information is based in large part on my interview with M. Faget of the Force Ouvrière in January 1964. Much of what he told me is also included in *Confédération Générale du Travail: Force Ouvrière, La formation professionnelle en France*, Bulletin d'Information du Bureau d'Études Économiques et Sociales, (Paris: 1963).

Despite the expansion that occurred in the middle fifties and later, there is clear evidence that appropriations have been inadequate in France to provide enough training capacity for those applying for training or referred to training by the public employment service. I was informed by the director-general of the *Association Nationale Interprofessionnelle pour la Formation Rationnelle de la Main d'Oeuvre* (National Association for the Rational Training of Manpower) (ANIFRMO) early in 1964 that there were waiting periods ranging from 3 months to 2½ years for various types of courses.

Part of the difficulty, according to a report prepared by the *Force Ouvrière*, is that training for the metal trades requires much more expensive equipment than training for the building trades, with the result that the training facilities are still excessively "oriented toward building."² As indicated in chapter 4, second-degree training, in particular, tends to require very expensive equipment and has had to be concentrated in a few centers. It appears, in general, that if the French retraining program has acquired an enviable reputation for high quality, it is partly because great emphasis has been placed on providing adequate equipment for the trainees. Despite the far lower wage rates in France (which affect instructors' costs and training allowances), the average costs per trainee of some 5,000 to 6,000 Fr (\$1,000 to \$1,200) are not much below the average costs of \$1,200 to \$1,400 per trainee under our Manpower Development

² *La formation professionnelle . . .*, op. cit., p. 49.

and Training Act program.³ By comparison, BAVAVG regulations in West Germany limit costs per trainee to 1,000 DM (\$250), although this does not include the cost of the unemployment benefits received by trainees.⁴ On the assumption that expenses other than unemployment benefits represent roughly half of the costs (as under the Manpower Development and Training Act, where expenses other than training allowances represent about half), this would still mean that average costs in West Germany were less than half those in France. I should judge, however, that the 1,000 DM limitation in West Germany relates to a single course. As we have seen, individual trainees are sometimes referred to a second course, and in certain instances to a third or fourth course.

In its report on the Fourth Plan, the French *Commission de la Main d'Oeuvre* pointed out that vocational reconversion and social development would be essentials in the years to come. The *Commission* called for more diversified training and suggested that existing training programs in the building and metal trades would have to be adapted to meet new needs.⁵

³ Information on average costs per trainee in France was given to me by an official of the Ministry of Labor and Social Security. The data on average costs per trainee in the United States are from *Manpower Research and Training, Report of the Secretary of Labor*, transmitted to Congress March 1964 (Washington, D.C.: U.S. Government Printing Office, 1964), p. 16.

⁴ Federal Institution for Labor Placement and Unemployment Insurance, *Richtlinien zur Durchführung beruflicher Bildungsmaßnahmen vom 4 August 1955* (Nuremberg: 1955).

⁵ Commissariat Général du Plan d'Équipement et de la Productivité, *Rap-*

Partly as a result of these recommendations, the Ministry of Labor and Social Security announced its plans for a substantial expansion in the number and capacity of the Government training centers in the summer of 1963. The present goal is for an increase in the annual number trained in the centers to 45,000 by 1965.⁶ There will also be increased emphasis on the retraining and relocation of workers affected by reconversion and modernization of firms, as has been indicated in chapter 9.

Closely related to the problem of inadequate appropriations are shortages of instructors and inadequate instructors' salaries. Complaints about shortages of instructors seem to be more prevalent in France and Italy than elsewhere, and union representatives in France maintain that the inadequacy of instructors' salaries continues to be a serious deterrent to expansion of the program.⁷ Experienced skilled workers can earn more at their trades than as instructors, these union representatives say, with the result that the Government training centers have difficulty not only in recruiting instructors but

port général de la Commission de la Main d'Oeuvre, Quatrième Plan de Développement Économique et Social (1962-1965), (Paris: Imprimerie Nationale, 1961), p. 27.

⁶ This information is based on an interview with M. Madinier, a member of the staff of the Commissariat du Plan, in January 1964.

⁷ This point was stressed by representatives of The Christian Federation of Trade Unions as well as of the Force Ouvrière. See *Memorandum sur Les Activités, le Role, et la Situation de la Formation Professionnelle des Adultes; Etude présentée par la Confédération Force Ouvrière et la Syndicat National du Personnel de la F. P. A.* (Paris: no date, mimeographed).

also in retaining their existing staff in the face of attractive job offers from industrial firms. In this connection, however, it is important to call attention to the fact that instructors' training is classified as second-degree training in France, so that skilled workers who wish to prepare themselves to take jobs as instructors are eligible for the supplementary training allowance that has already been discussed in chapter 4. Great emphasis has been placed, also, on providing high quality training for instructors at the National Vocational Training Institute in Paris. Italy also maintains centers for the training of instructors, including those which were established with the cooperation of the ILO in Genoa and Naples in the early 1950's, but complaints have been frequent that existing centers for instructor training do not have enough capacity to take care of the need.

NARROW SKILL DIFFERENTIALS

Skill differentials tend to be more compressed in Western Europe than in the United States, with the result that the gains in earnings that can be realized through retraining are sometimes insufficient to provide an incentive to the worker considering entering a retraining program. This was mentioned by officials in the British Ministry of Labour, but I suspect it is also a problem elsewhere. It was impossible to undertake a careful study of comparative wage differentials within the scope of the present research

project, but it seems to me there is a need for such a study if we are to have a thorough understanding of the factors encouraging or deterring expansion of retraining programs. Such a study would have to take into account not only the wage differentials established through collective bargaining and other wage-setting procedures but also the relative impact of the "wage drift" in various countries. Moreover, as much of my discussion of training allowances has suggested, anyone undertaking such a study should consider carefully the relationship between training allowances and potential earnings of workers at various skill levels.

UNION RESTRICTIONISM

As we found in chapter 3, the problem of a restrictionist attitude on the part of craft unions has been a deterrent to retraining in Great Britain. There were, however, indications when I was in London late in 1963 that the union movement in Britain, particularly at the level of the Trades Union Congress, was adopting a much more constructive attitude toward expansion of retraining. Ministry of Labour officials informed me that the unpublished agreements restricting training in various trades to the disabled, or to the disabled and ex-service personnel, had in a number of cases been revised to permit retraining for the unemployed.

The change in union policies and attitudes reflects the growing concern

over Britain's lagging growth and over the need to meet problems of redundancy. Union representatives on the National Economic Development Council have given their support to the expansion of the Government retraining program that is currently underway, and have evidently also made an effort to educate the rest of the union movement to a better understanding of the need for expansion of retraining facilities. This does not mean, however, that there may not be occasional problems with particular craft union groups, especially in the areas of higher unemployment in northern England and Scotland.

In 1962, the Ministry of Labour decided to expand the capacity of its retraining program by increasing the total number of Government training centers from 13 to 31. The decision was influenced in part by contraction in the mining and shipbuilding industries and the redundancies expected in connection with the reorganization of the British railways, but it was also strongly influenced by the need to meet shortages of skilled labor, particularly in the engineering and building trades. The plan called for locating more than half of the added capacity in northern England and Scotland. This represented a significant change in policy, for, as we shall see in chapter 8, throughout most of the postwar period the Ministry of Labour had refrained from locating training centers in the areas of higher unemployment. Approximately half of the additional capacity was to be for training in the engineering and building trades, and, when the new centers were in full op-



eration, about 10,000 persons were to be trained annually.

Progress in opening the new centers was slow during 1963, but the May 1964 issue of the *Ministry of Labour Gazette* listed 29 that were already established or to be opened in the near future.⁸ Enrollment, which had been approximately 3,000 for a number of years, began to increase substantially in the fall of 1963 and had reached about 3,850 by March 1964.⁹ Since many of the courses last only about 6 months, this could mean that the total number completing training in 1964 (even after allowing for dropouts) might run well above this number.

How genuine the union change in attitude has been will be tested, not only in connection with this expansion of the Ministry of Labour's retraining program, but also in relation to the operation of the Industrial Training Act, adopted early in 1964, which gives the Ministry of Labour the power to set up industrial training boards for individual industries. These boards will be given the responsibility for securing the provision of adequate training to meet training needs in their industries

⁸ *Ministry of Labour Gazette*, LXXII, May 1964, p. 197.

⁹ *Ibid.*, p. 215.

and will be required to raise a levy on employers to provide funds for the subsidization of training in individual firms.¹⁰ One of the problems facing the Ministry of Labour in connection with the administration of this act will be to determine just how narrowly or broadly the individual industries will be defined. Broad definitions would help to break down the control of narrow craft unions over apprenticeship agreements, but experts on apprenticeship problems in Britain are not overly optimistic about this prospect.

Presumably a recession, bringing on higher unemployment rates than those that have generally prevailed in recent years, could mean a sharp setback with respect to the changes that have been occurring in union attitudes toward training and retraining, although I was assured by a representative of the Trades Union Congress that such a setback would not be serious. His view was that concern over the need to increase Britain's rate of growth and her capacity to compete with the Common Market countries would continue to be a powerful influence toward a more constructive policy.

There is a possibility that looser labor market conditions on the continent might lead labor federations to take a more restrictionist attitude toward retraining programs, although I am inclined to doubt that this would happen. A considerably greater likelihood would be union pressure toward vigorous government fiscal and monetary measures aimed at increasing aggregate demand, along with expansion of pro-

visions for the retraining of workers threatened with labor displacement.

CONFLICTS BETWEEN MINISTRIES OF LABOR AND EDUCATION

In several countries of Western Europe, notably Sweden, laws relating to retraining provide, as in the United States, that training courses must with certain exceptions actually be offered through the vocational education system, which comes under the auspices of the Ministry of Education. This is not the case, however, in Belgium, France, the Netherlands, and the United Kingdom, where the ministries of labor have been largely free to develop their retraining programs without conflict with any other ministry. Even in some of these countries, however, there have been certain problems of conflict, as suggested in chapter 5, over the offering of courses for stenographers and certain other groups, with ministries of education insisting that such courses be confined to commercial or technical schools in the regular vocational education system.

In several countries of Western Europe, the labor market authorities have, in some cases, entered into agreements with technical schools with respect to the sponsorship of courses, and in Italy there has been some conflict over the division of responsibility between the Ministry of Labor and the Ministry of Education with respect to the training of teenagers. In West Germany there have also been certain problems revolving around the fact

¹⁰ *Ibid.*, LXXII, March 1964, p. 104.

that the BAVAVG is a federal agency (though with state and local offices) whereas vocational education is under the auspices of the *Länder* (states). This, I was told, has interfered to a certain extent with the freedom of the BAVAVG to offer training in trades covered by apprenticeship programs.

The most serious problem of conflict with respect to jurisdiction over adult retraining which I encountered, however, was in Sweden. When the National Labor Market Board undertook its policy of vigorous expansion of retraining in the 1958–59 recession, it found its efforts obstructed by unwillingness on the part of the board of vocational education to move rapidly enough in the organization and staffing of the additional courses recommended by the Labor Market Board.

The conflict led to the establishment, in November 1960, of a joint body to bring about cooperation between the two agencies. Its functions are:

(1) To advise the National Labor Market Board and the National Board of Technical and Vocational Education;

(2) To give advice concerning the planning and total scope of retraining, the policy as regards the distribution of courses among occupations and geographical areas, and the length and content of courses;

(3) To take such independent initiative to promote retraining as it considers necessary;

(4) To comment on all questions referred to it by the National Labor Market Board or the National Board of Technical and Vocational Education;

(5) To follow with particular interest vocational training in industry and commerce, and adult training in particular.¹¹

Officials of the Labor Market Board are apparently quite satisfied, in general, with the progress that has been made since this joint body was established. Among other things, it has devoted a good deal of time to bringing about a transfer of responsibility for various details from the National Board of Technical and Vocational Education to the county labor boards. Moreover, as we have seen, a rapid expansion of the number enrolled in retraining programs has occurred in the last few years—an expansion which could not have occurred without more effective cooperation from the vocational education board. If there are latent complaints, I suspect they have to do chiefly with questions of methods of instruction, although officials of the National Labor Market Board were hesitant to engage in open criticism of the vocational education system. However, in a discussion about Dutch training methods, mentioned in chapter 4, I suspected that the Swedish official who was expressing admiration for Dutch techniques may have felt that the Labor Market Board would be in a better position to experiment with methods of training adults which had been successful in other countries if it were more free to develop its own courses.

¹¹ Organisation for Economic Co-operation and Development, *Labour Market Policy in Sweden*; *OECD Reviews of Manpower and Social Policies* (Paris: 1963), pp. 37–38.

GOVERNMENT POLICIES AND LABOR DEMAND

Government economic policies aimed at maintaining high and expanding levels of aggregate demand have played an important role in explaining the high rates of growth achieved in Western Europe since the early fifties, as we saw in chapter 2. There we were referring primarily to fiscal and monetary policies directed toward achieving a high rate of expansion of demand in the economy as a whole. More specific government policies impinging on particular sectors of the economy, however, have also played a role in influencing the structure of the demand for labor, which in turn has an important bearing on retraining possibilities. As we move toward a more active manpower policy in the United States, we shall need to pay far more attention to the impact of specific Government policies on the structure of labor demand than we have been accustomed to pay in the past. This subject has so many ramifications that several volumes could be devoted to them. All I can attempt to do here is to mention a few examples of the manner in which government policies have affected the demand for labor in Western Europe and some of their implications in relation to American policies.

The persistent shortage of building trades workers which has prevailed in a number of countries of Western Europe throughout the postwar period is in some measure attributable to housing policies which have placed great emphasis on increasing the supply of housing for lower and lower-middle

income groups. Government intervention in the housing market in Western Europe, as is well known, tends to be far more extensive than in this country. The results have not been altogether satisfactory. The chronic housing shortage which prevails throughout Western Europe is to some extent a result of the particular types of policies that have been pursued as well as a factor underlying the need for continued government intervention. Rents have been held below the levels they would have reached if market forces had been allowed free play, and emphasis on elaborate planning of housing developments at the municipal level is alleged, e.g., in Sweden, to result in prolonged delays before the actual construction stage is reached. Whereas American policy has placed primary emphasis on liberal credit terms (through FHA and other agencies), European policies have, in general, placed much more emphasis on public or quasi-public housing developments, although examples may be found, e.g., in West Germany, of at least some degree of emphasis on policies resembling our FHA approach. Broadly speaking, and ignoring many exceptions and qualifications, the supply of housing in the United States has been allocated according to purchasing power, while policies in some European countries have tended to result to a considerably greater extent in the rationing of housing supply on the basis of certain criteria of social need, e.g., size of family. An expert in this field has summed up the situation as follows:

Housing policies and programs in Sweden, West Germany, and the United Kingdom were suc-

cessful in directing public and private investment toward improving the housing standards of low-income groups of the population. Programs in the United States have relied upon high production rates of new housing and the filtering process to improve general housing standards. Programs for direct improvement of the housing status of low-income and other special groups have, for various reasons, exhibited a number of shortcomings and have been, on the whole, relatively insignificant.¹²

The pros and cons of a vigorous attack on the problem of inadequate housing for low income groups in the United States have often been debated in terms of meeting a social need on the one hand, versus interfering with private enterprise on the other. At present, there is a special need to emphasize the impact of such policies on the demand for labor. That the effects of such a policy on the demand for building trades workers would not be identical with the effects of similar policies in most countries in Western Europe would have to be recognized at the start. Although I have not made a special study of this question and am forced to rely on general impressions, it seems fairly clear that construction techniques are considerably more advanced in the United States than in most countries of Western Europe and that the number of building trades jobs

that would be created through a comparable amount of public investment in housing would be appreciably smaller. However, the multiplier effects on employment, particularly in the trade and service sectors, would be an important part of the case for such a policy.

Postwar economic policies in a number of Western European countries have also placed more consistent emphasis on countercyclical and counterseasonal public works programs than has been the case in the United States. Since these policies have swung into action in periods when construction activity was slack, their effect, on the whole, has been to contribute to more stable employment for construction workers rather than to increase the demand for such workers. However, it has come to be recognized, particularly in Sweden, that technological changes have reduced the amount of employment that can be directly created through public works policies and increased the total expenditure per job created. Reduced reliance on countercyclical and counterseasonal public works and increased reliance on retraining and relocation policies have been advocated partly for this reason.¹³

Gunnar Myrdal has recently argued that the combination of fiscal policies, notably the tax cut, and increased emphasis on retraining measures on which we are largely relying in the United States will not suffice to overcome our unemployment problem. He advocates much greater emphasis on housing programs, public works, urban slum

¹² Paul F. Wendt, *Housing Policy—The Search for Solutions: A Comparison of the United Kingdom, Sweden, West Germany, and the United States since World War II* (Berkeley and Los Angeles: University of California Press, 1963), p. 269.

¹³ Gösta Rehn and Erik Lundberg, "Employment and Welfare: Some Swedish Issues," *Industrial Relations*, II, February 1963, p. 7.

clearance, and the like, aimed at rapid creation of jobs to take up the slack until the longer-run effects of policies aimed at the expansion of aggregate demand take hold.¹⁴ I am inclined to agree. Although I would be the last person to suggest that we reduce the scale of our retraining programs, it seems apparent that we are running a risk that many of those who are retrained will not be placed in the absence of more vigorous job-creating measures.

The fact that the United States is spending relatively more on defense and foreign aid than Western European countries, of course, helps to explain our reluctance to expand other types of public expenditure. Yet, in the area of defense spending, we can be accused of paying too little attention to the impact of changes in the amount and composition of military expenditure on the structure of the demand for labor. Clearly the shift from aircraft to missiles, as well as other similar changes, has reduced the demand for semiskilled blue-collar workers and increased the demand for engineers, technicians, and other highly educated or skilled workers. This is a problem of particular concern in California, which is heavily dependent on defense expenditures. The recent announcement of the closing, or in some cases gradual phasing out, of a large number of military installations was accompanied by statements to the effect that efforts would be made to provide employment opportunities for the displaced workers, but there is some question as to how effective these efforts

will be unless Federal funds are made available in substantial amounts to provide temporary jobs on public works until private employment in affected areas can be expanded to "take up the slack."

Particularly in cases in which Government contracts are involved, procedures resembling Sweden's early warning system, accompanied by cooperation between the public employment service, other appropriate Federal, State, and local agencies, and employer and labor groups to develop a plan aimed at temporary employment and ultimate reemployment of the affected workers, are badly needed. The plan should include provisions for retraining, but retraining alone can hardly be relied on to meet a situation such as that which faced San Diego when a large aircraft plant closed down.

Another important area in which European policies affect the structure of labor demand is the broad field of social security and other welfare policies. Here again the subject is large and complex, and only a few examples can be mentioned. In connection with the training of "home samaritans" in Sweden, we noted that both Sweden and the United Kingdom—as well as certain other countries—provide homemaker services to needy families from public funds on a means test basis. Another example of a type of public policy which has received far more emphasis in several European countries than in the United States, notably in the Netherlands and the United Kingdom, has been the development of sheltered workshops for the severely disabled.

As suggested earlier, the general theme of this section could be pursued

¹⁴Gunnar Myrdal, *A Challenge to Affluence* (New York: Pantheon Books, 1963).

at great length. Important differences in the impact of specific government policies on labor demand among European countries would be revealed if these questions were examined in detail. My purpose here is to call attention to a line of approach to the problem of unemployment and labor market adjustment which has been too much neglected in the United States. When we ask what types of

retraining are appropriate for unemployed workers, we should also ask how, without radically changing our basic economic philosophy and system, we might influence the structure of labor demand in such a way as to provide more appropriate jobs for the retrainable unemployed, including some of the more disadvantaged groups who are not prime candidates for retraining.

8

RETRAINING, RELOCATION, AND REGIONAL ECONOMIC DEVELOPMENT

INTRODUCTION

IN EVERY national retraining program, the question of how training opportunities and facilities are to be distributed geographically must be faced. Even though training opportunities are made available in all parts of the country, there will be differences among regions and among local labor market areas in the types of training that are appropriate. Such differences would exist even in the absence of regional variations in unemployment rates, simply because of differences in the industrial structure of communities and regions. But regional differences in unemployment rates tend to be a persistent phenomenon in all industrial countries, because of barriers to the geographical mobility of labor and capital in the face of structural changes in the economy. This exacerbates the problem of location of training facilities, since labor shortages are likely to be largely concentrated in areas with relatively low unemployment rates, whereas in areas of higher unemployment there may be relatively few occupations in which labor shortages exist.

Moreover, the question of the geographical distribution of training opportunities is closely related to questions of availability of travel and relocation allowances and to the whole problem of regional economic policy.

This chapter will be concerned with these relationships and with a group of interrelated questions.

To what extent are decisions on the training programs to be offered in any given local labor market area based on the identification of current local labor shortages and to what extent on the analysis of regional and national labor market trends? What policies are followed to insure that qualified individuals will be provided an opportunity for training in occupations in which shortages may exist or may be anticipated at the regional or national level but do not exist at the local level on a sufficient scale to justify initiating a course of training? Given the prevalence in Western European countries of provisions for travel and subsistence allowances for workers who are referred to training programs outside their areas of residence, what is the relative emphasis on providing local training opportunities versus referring workers to training in other areas? Does European experience with relocation allowances suggest that there is a strong case for incorporating provisions for relocation allowances in our Manpower Development and Training Act and Area Redevelopment Act programs?¹ What is the relative emphasis in Western European countries on moving the worker to the job versus moving the job to the worker? Even though a thorough analysis of regional economic policies in Western Europe would be well beyond the scope of the

present study, can anything be said on the basis of a brief consideration of such policies with respect to the lessons that might be learned from European experience with such programs, with particular reference to the implications for retraining in areas characterized by inferior job opportunities?

Some of these questions have been touched on briefly in appropriate contexts in previous chapters, but a more systematic analysis of the geographical aspects of European retraining policies will be attempted in the present chapter. The task is not an easy one, largely because much less information is available on some of the questions posed above than on issues discussed in earlier chapters. Statistical data, in particular, are scanty. Although I learned a good deal about the geographical distribution of training facilities in most of the countries included in this study, I was not able to obtain statistics, for example, on the proportion of trainees who undertook training outside their areas of residence. Information on the legal and administrative provisions relating to relocation allowances can be readily obtained, but except in the case of Sweden, statistics on the use of these provisions are scanty. And, although the literature on regional economic policies is copious and growing, the retraining aspects of these programs tend to receive little attention in official documents or other types of publications.

Despite these difficulties, my search for relevant lessons to be gained from European experience on this range of problems was far from fruitless. European government officials were, in most cases, well informed about their programs and were able to provide

¹ There is a provision for relocation allowances in connection with the adjustment assistance provisions of the Trade Expansion Act, and a limited experimental program of relocation allowances was authorized under the 1963 amendments to the Manpower Development and Training Act.

valuable insights into the way they worked, even though their information was often not based on precise statistics.

THE DETERMINATION OF TRAINING NEEDS

In most of the countries included in this study, training needs are determined on the basis of some type of blend of analysis at the local or provincial level and at the national level. Similarly, decisions relating to the establishment of particular training programs generally involve interaction between suggestions or proposals originating at the local or regional level and review by higher authorities, but the division of responsibility among local, provincial or regional, and national bodies varies greatly from country to country. As we saw in chapter 3, the more centralized the constitutional and traditional relationships between the national government and lower levels of government, the more centralized the process of decision making on training programs is likely to be.

It is not surprising to find, therefore, that the degree of responsibility exercised by local employment officials in determining training programs among the countries included in this study is probably greatest in the Federal Republic of Germany. It is true that the *Bundesanstalt für Arbeitsvermittlung und Arbeitslosenversicherung* is a federal institution, but its local offices are under the jurisdiction of *Land* (state) employment offices, which have a considerable amount of authority and

responsibility. Proposals for particular training courses or programs are initiated by the local employment offices, but (except in the case of subsidized individual training) require the consent of the *Land* employment office. According to German officials, the local employment offices base their recommendations for training programs on a thorough acquaintance with local labor market conditions, as we saw in chapter 4. The proportion of job placements handled through the public employment service is relatively high in West Germany and, under these circumstances, job-vacancy data available to the local offices are probably relatively reliable.

Courses are frequently set up under joint sponsorship of the *Bundesanstalt für Arbeitsvermittlung und Arbeitslosenversicherung* (Federal Institution for Labor Placement and Unemployment Insurance) (BAVAVG) and another organization or sponsored wholly by another organization, as was indicated in chapter 3. Where such an organization cuts across several *Länder*, or where the proposed training program requires extraordinary financial support, the consent of the president of the BAVAVG at the head office in Nuremberg is required.² Presumably the course for electronic engineers at Dortmund, discussed in chapter 4, which draws trainees from all over West Germany, is one requiring extraordinary financial support. But it also serves to illustrate the fact that

² Federal Institution for Labor Placement and Unemployment Insurance, *Richtlinien zur Durchführung beruflicher Bildungsmaßnahmen vom 4. August 1955* (Nuremberg: 1955), par. I-6(2).

German procedures are flexible enough to permit the establishment of a course which might not attract enough qualified applicants within a single local labor market area.

In Sweden, immediate training needs are determined largely on the basis of job-vacancy reports compiled by local employment offices, but the National Labor Market Board has a section which concerns itself with analysis of current labor market trends and with both short-term and long-term forecasts of labor demand and supply in particular occupations. Work on long-term forecasts is still in a rather experimental stage, but it is considered important in planning future training and educational needs.³

Proposals for particular training courses appear to be initiated chiefly by the county labor boards, which may continue to refer unemployed persons to existing courses without seeking the express approval of higher authorities, but a proposal for a new course must be approved by the National Labor Market Board, which then forwards the recommendation to the National Board of Technical and Vocational Education, under whose jurisdiction the courses are actually conducted. As we saw in the previous chapter, however, the joint body which was set up in 1960 to bring about cooperation between the two national boards has devoted a good deal of its attention to



bringing about a transfer of responsibility for various details from the Board of Vocational Education to the county labor boards.

The initiative in setting up courses may also be taken by the National Labor Market Board, which presumably in such cases takes into account existing or anticipated training needs which are not being adequately met by course proposals emanating from the county boards.

In addition, municipalities can arrange for so-called municipal courses which are partially subsidized by the national government. These municipal courses serve local needs and cater primarily to the local unemployed, although vacancies in the courses can be filled with applicants from other areas.⁴

In Belgium, the procedure for determining training needs and initiating training programs has undergone certain changes in recent years, chiefly as a result of provisions incorporated in the 1961 legislation on employment policy. Formerly proposals for training programs were initiated by the ad-

³ Cf. the statement of Ernest Michanek, Swedish under secretary of labor, in *Lessons from Foreign Labor Market Policies*, vol. 4 of Selected Readings in Employment and Manpower, Subcommittee on Employment and Manpower, Committee on Labor and Public Welfare, U.S. Senate, 88th Cong., 2d sess. (Washington, D.C.: U.S. Government Printing Office, 1964), p. 1449.

⁴ Anna Wiman, *Vocational Training for Adults in Sweden*, the Swedish Institute for Cultural Relations with Foreign Countries (Stockholm: 1962), p. 5.

visory committees attached to the regional employment offices, on the basis of analysis of regional labor market conditions, and were subject to final determination by the National Office of Placement and Unemployment. Forecasting of future manpower requirements and supply at the national level was virtually nonexistent. Under the legislation of 1961, however, the National Office of Employment (as it is now called) can initiate proposals for the establishment of training centers and can also "invite" the regional advisory committees to "acquaint it with occupations in which they have an interest in creating centers."⁵ Moreover, efforts have been made to stimulate analysis and forecasting of labor demand and supply in various occupations under the auspices of the Belgian Office for Increasing Productivity and other agencies.

In the remaining countries included in this study, decisions with respect to the establishment of training centers, and also to a considerable extent on the courses to be offered in such centers, appear to be centralized to a greater degree in national agencies, even though information on local labor market situations may be fed in from local employment offices or regional bodies.

In France, as we saw in chapter 3, a departmental manpower committee and special committees representing the various trades in which training is offered keep in touch with labor market conditions in each *département* and make regular reports and recommendations on training needs to na-

tional labor market authorities. National training needs are considered by similar advisory committees attached to the *Association Nationale Interprofessionnelle pour la Formation Rationnelle de la Main d'Oeuvre* (National Association for the Rational Training of Manpower) (ANIFRMO) in Paris. Moreover, the Labor and Manpower Division of the Ministry of Labor and Social Security makes periodic inquiries about manpower conditions in leading industries for purposes of medium-term forecasting, while longer-term forecasts are made by the *Commissariat du Plan*, partly on the basis of large-scale questionnaire surveys of employers on an industry-by-industry basis.⁶ So far as I have been able to determine, however, decisions with respect to the establishment of training centers, as well as on course offerings in those centers, are made by the Ministry of Labor and Social Security at the national level. Although the information supplied by departmental committees influences such decisions, the final determination does not appear to take the form of approval or disapproval of specific training proposals originating at the local level. Moreover, the role and makeup of the departmental and national committees—particularly, of course, the special departmental committees in the trades in which training is offered—tend to give a substantial voice to employer and union represent-

⁵ See National Office of Employment, *La politique de l'emploi* (Brussels: mimeographed, no date).

⁶ When I asked how reliable employers' forecasts of their manpower requirements were considered to be, I was informed that they were fairly reliable in some industries, such as the steel industry, characterized by large firms and long-range investment planning, but were much less reliable in other industries.

atives in the trades (primarily the building and metal trades, as we have seen) in which training has been offered. This appears to militate against expanding the program to include other types of training.

The situation in France may be contrasted with that in West Germany, where there are advisory committees composed of employer and labor representatives attached to the local and *Land* employment offices, as well as to the federal institution, but where the main initiative in connection with proposals for training seems to be taken by local office staff members. If the West German system lends itself to such phenomena as the setting up of a local course to train older women to sell phonograph records (mentioned in chapter 4), this would be unlikely to happen in France. It is not merely the greater scope for initiative by local officials in West Germany, but the flexible way in which courses can be set up on an ad hoc basis either by the public employment service itself or in cooperation with other organizations, which encourages such "off-beat" course offerings. In France the absence of such developments reflects not only the differences in these respects but also the concentration of much of the training in Government training centers requiring a heavy investment and the high priority which has been assigned to training for the building and metal trades as a matter of official Government policy throughout most of the postwar period.

In Britain, decisions with respect to the opening or closing of training centers are centralized in the Ministry of Labour at the national level. Moreover, as we saw in chapters 3 and 4, the

Ministry has followed the practice of consulting with joint councils of employer and union representatives in the various industries, not only with respect to the types of training to be offered but also in some cases with respect to the numbers to be trained in any given period, and it is evident that these industry bodies have exercised an important influence on the Ministry's decisions. On the opening or closing of individual training classes within the centers, proposals may be initiated within the Ministry at the national level or by the regional offices, but it is evident that a recommendation by a regional office to initiate a type of training opposed by the joint council in the industry concerned would not stand much chance of acceptance. Within the last few years, as suggested in earlier chapters, the National Economic Development Council (NEDC) has been exerting pressure, with some success, to bring about expansion of training facilities. Moreover, a manpower research unit, which will undertake projections of labor demand and supply, has been established within the Ministry of Labour and recently issued its first report, which was concerned with the outlook for labor supply in the next decade.⁷

I would suggest that it is probably no accident that the two countries in which there appears to be the greatest opportunity for initiative at the level of the local employment office, West Germany and Sweden, have by far the widest variety of course offerings for adults among the countries studied and the greatest emphasis on providing

⁷ *Ministry of Labour Gazette*, LXXII, August 1964, p. 328.

training opportunities for such special groups as married women and older workers. All in all, it would seem that Swedish policies result in the most appropriate blend of analysis and initiative at the local and national levels.

GEOGRAPHICAL DISTRIBUTION OF FACILITIES

Should training facilities be located predominantly in areas where labor markets are relatively tight and job opportunities are plentiful, or should they be located, at least to a considerable extent, in areas of higher unemployment, where relatively few job opportunities but large numbers of retrainable unemployed workers are likely to be found? European policies differ quite widely with respect to their handling of this problem, although there are substantial similarities among some countries, particularly Belgium, France, and the Netherlands.

In 1963, there were 140 publicly sponsored vocational training centers for adults in France, of which approximately 100 were operated by ANIFRMO and the other 40 by public enterprises, such as Renault, or by private firms with public subsidies.⁸ Those maintained directly by ANIFRMO were distributed throughout the country but tended to be more numerous in the northern half of France than in the less industrialized southern half, as we saw in chapter 3.

⁸ Confédération Générale du Travail: Force Ouvrière, *La formation professionnelle en France* (Paris: 1963), p. 43.

Trainees who commute daily from their homes to training centers are reimbursed for their commuting expenses. This is true, also, in most of the other countries included in this study, although in some cases only those commuting more than a certain distance (say, 2 miles) receive reimbursement. Thus, trainees commuting from the Paris area to the center I visited at Champs, which is located perhaps 20 miles east of the center of the city, were reimbursed for their daily round-trip bus fares. Similarly, the son of a peasant in a rural village would be reimbursed for his commuting expenses if he traveled daily to a training center in a larger community nearby. The absence of any provision for commuting expenses is, in my opinion, a significant weakness in our MDTA program, which reimburses a trainee for his travel expenses only if he must live away from home to participate in a training program. [Ed. Note: The Manpower Act of 1965 now provides for reimbursement of local transportation expenses of MDTA trainees.]

Travel expenses are also provided under the French system, as well as in the other countries included in this study, if the individual is referred to a training program that is not available in his home area and must live away from home during the period of training. The larger French training centers have dormitory facilities in which lodging is provided free of charge, while meals are offered at a modest price. Again, all the countries included in this study make some provision for board and lodging expenses for trainees who must live away from home, but the details vary a good deal.

In Britain, for example, lodging is provided free of charge, but the weekly training allowance is somewhat lower for such trainees than for those who live at home during training, while in Belgium the legislation of 1961 provided for a special daily allowance of 110 BFr (\$2.20), adjustable for changes in the cost of living, to cover such expenses.

Despite the large number of training centers in France, a good many trainees live away from home during the period of training. There are a number of *départements*, particularly in the southern half of the country, that lack a training center. As we saw in earlier chapters, the great majority of French trainees are young, unmarried individuals, and this is particularly true for technical training, reflecting to some extent the fact that married persons find it difficult to live away from home during the training period. It is evident, also, that many trainees must be prepared to take jobs away from home after completion of training. This is inevitably true, for example, for many of those moving out of agriculture and training for the building trades, since shortages of building trades workers are most acute in the large urban centers. It is also true for many of those training for the metal trades and for technical occupations. This consideration, also, helps to explain the preponderance of single persons in the Government training centers.

As we saw in the previous chapter, training facilities have been inadequate in France, and applicants who are accepted for training must undergo a waiting period, which varies in length according to the type of training, be-

fore entering a center. The waiting period may be shorter for some trades if the entrant agrees to undertake training outside his home area. In order to speed up admission of trainees in the building trades and avoid losing applicants who might not wait, a "National Equalization Service" was set up some years ago, under which applicants who are accepted for training and are willing to undertake training outside their home areas are promptly referred to whatever center can take them.⁹

Under the law of December 18, 1963, setting up the National Employment Fund, which will be discussed more fully in chapter 9, there will be increased emphasis on special retraining, placement, and conversion schemes for workers threatened by a serious disturbance in their employment situation.¹⁰

Although policies affecting the geographical distribution of training centers are very similar in Belgium and the Netherlands to those in France, the concept of a center in Belgium is more flexible. Moreover, the language problem limits, to some extent, the possibilities of referring individuals to training centers in other parts of the country. A French-speaking Walloon would have difficulty participating in a course conducted in Flemish in Flanders, and vice versa.

In Britain, policies governing the geographical location of training centers bear certain resemblances to those

⁹ E. Rossignol, *The Vocational Training of Adults*, reprinted from the *International Labour Review*, October 1957, pp. 16-17.

¹⁰ "Loi du 18 décembre 1963 relative au Fonds National de l'Emploi," *Revue Française du Travail*, XVII, October-December 1963, p. 5.

of France, but there are some important differences. There has been very little training for the building trades, while the problem of providing training opportunities for workers moving out of agriculture has been relatively much less important, since agricultural workers represent a very small proportion of the labor force in highly industrialized Britain. Whereas employment in French agriculture (plus forestry, hunting, and fishing) experienced a decline of 1,100,000 between 1955 and 1962, the decline in Britain amounted to only 150,000 in the same period.

British policies have tended to place primary emphasis on locating training centers in the areas where labor shortages exist, and the types of training offered in any given area tend to reflect the industrial structure of the area. Until very recently, I was informed, the Ministry of Labour generally refrained from locating Government training centers in the areas of higher unemployment in northern England and Scotland. According to Ministry officials, it had not been considered desirable to provide training for workers in such areas, since shortages of skilled workers did not exist. However, there has also been union opposition to providing training in Government centers in the areas of higher unemployment. It should be noted, in this connection, that training in the Government centers in Britain is confined to skilled occupations. This does not mean that training in skilled white-collar occupations such as stenography has been excluded, but in fact very little training in such occupations has been offered. When a new firm is induced to locate or expand in an area

of higher unemployment under Britain's area development policies, to be discussed in a later section, one of the inducements offered by the board of trade may be a subsidy to assist the firm in training the workers hired for the new or expanded plant. The training offered under these arrangements is typically for semiskilled workers, while the firm may bring a nucleus of skilled workers from one of its other plants, or even, in some cases, recruit skilled workers in an area or areas where it has other establishments.

Under the Ministry's program of expanding the number and capacity of Government training centers, there will be considerably more emphasis on locating centers in areas of higher unemployment. Among 18 new centers which had been opened or were soon to be opened in May 1964, about half were in central Scotland or the north-east and were located in or near the "growth zones" which had been designated in Government reports on those areas and which will be discussed in a later section.¹¹

Sweden's policies place substantial emphasis on gearing retraining programs to labor shortages in local labor market areas, with the result that the particular course offerings in a given area will reflect the industrial structure

¹¹ For a list of Government training centers, see *Ministry of Labour Gazette*, LXXII, May 1964, p. 197. This list may be compared with earlier lists published from time to time in the *Ministry of Labour Gazette*. For the regional development reports, see *The North East: A Programme for Regional Development and Growth*, Cmnd. 2206, and *Central Scotland: A Programme for Development and Growth*, Cmnd. 2188 (London: H.M. Stationery Office, 1963).

of that area and the pattern of labor shortages in particular occupations. The fact that there may not be enough qualified applicants for a given training program in the area, however, is not a barrier to initiating the course. Newspaper and radio publicity is extensively used to attract qualified applicants from other parts of the country, local employment offices in other areas cooperate in referring applicants to the course, and travel expenses are provided for those who come from other areas to enter the course. Moreover, as we saw in chapter 4, a married trainee who must undergo training away from his home area is entitled to an allowance for his rental expenses while away from home, in addition to the rent allowance provided for his family, and in such cases the wife's allowance may be raised from 55 SKr up to a maximum of 140 SKr a month. Thus the Swedish provisions are specifically designed to prevent the situation prevailing in France, in which those who undertake training away from home are usually single. The single trainee in Sweden would receive the usual training allowance and rent allowance whether or not he moved to a different area for his training, as well as travel expenses if he had to move.

This does not mean, however, that no emphasis is placed on providing retraining in the areas of higher unemployment in northern Sweden. There are courses in those areas which are geared not only to the relatively few local labor shortages which exist but also to training people for jobs available in other parts of the country, if they are prepared to move after the training is completed. Whether or not an individual living in such an

area is encouraged to undertake training in some other area or is referred to a course in his home area depends, I was told, on his circumstances. If it would be difficult for him to leave home during the period of training, he is likely to be referred to a course in his home area. Moreover, when a firm has been encouraged to locate in an area of higher unemployment, as we have seen, subsidized employer-sponsored training may be provided.

In comparing policies under our Manpower Development and Training Act with European policies discussed in this and the previous chapter, one is struck by certain rigidities in our program. The act provides that "Priority in referral for training shall . . . be extended to persons to be trained for skills needed within, first, the labor market area in which they reside and, second, within the State of their residence." In the administration of the act, this provision has been interpreted, in general, to require the employment service to conduct a survey of specific occupational skills which will be required in a local labor market area, or within a State, in the 12 to 14 months ahead and to demonstrate that there is or will be a shortage of workers in a given occupation before a proposal for training in that occupation is made.¹² In practice this has generally meant that the local employment office developing the proposal has had to demonstrate that there is a shortage of

¹² See *Training Activities Under the Manpower Development and Training Act*, Report of the Secretary of Health, Education, and Welfare to the Congress (Washington, D.C.: U.S. Government Printing Office, 1963), p. 28.

workers in the relevant occupation in the local labor market area. The employment service must also show that there are qualified unemployed individuals in the area who could be referred for training in the occupation. If these two conditions exist, the local vocational education authorities review the available training facilities and develop a curriculum for the course. The proposal is then put into final form and goes through various stages of review.¹³ We have commented on the delays involved in this procedure in chapter 4, but there are also other disadvantages. There may be a shortage of workers in a particular occupation in a given area, but not on a sufficient scale to justify establishing a course. An obvious answer is to include larger areas or regions in surveys of occupational needs, at least in some instances, but my impression is that this has not been attempted in many cases. In certain situations, moreover, it should be possible to refer an individual to a course that already exists, in his local area or elsewhere, if the circumstances do not justify establishing a course, and to permit the payment of training allowances and, when appropriate, subsistence allowances in such cases. According to Sar A. Levitan, however, "the project pattern of Area Redevelopment Act and Manpower Development and Training Act training has precluded the referral of qualified individual applicants for training where available job openings would not jus-

tify the approval of a project to accommodate a full class."¹⁴

In areas that are depressed, it is likely to be particularly difficult to identify enough labor shortages to provide suitable training opportunities for qualified unemployed persons. According to the director of the Office of Manpower, Automation and Training, this has not been a problem because it has been possible to identify enough job vacancies in such areas to permit "training and retraining all of the people we possibly could with the funds available to us."¹⁵ I would suggest, however, that with continued expansion of the program these policies may unduly restrict training opportunities for unemployed persons in those areas of higher unemployment.

The other side of the coin is that in areas with relatively low unemployment rates there may be shortages of workers in certain occupations but not enough qualified unemployed workers to justify developing training programs in those occupations. As long as the unemployment rate hovers around 5 percent, this problem may not be very significant, but, if the unemployment rate falls to 4 percent or below, areas with rates below the overall national average may increasingly face this difficulty.

¹⁴ Sar A. Levitan, *Federal Manpower Policies and Programs to Combat Unemployment* (Kalamazoo, Mich.: The W. E. Upjohn Institute for Employment Research, 1964), p. 21.

¹⁵ Testimony of Dr. Seymour L. Wolfbein in *Nation's Manpower Revolution*, hearings before the Subcommittee on Employment and Manpower, Committee on Labor and Public Welfare, U.S. Senate, 88th Cong., 1st sess. (Washington, D.C.: U.S. Government Printing Office, 1963), pt. 2, p. 576.

¹³ *Manpower Research and Training, A Report by the Secretary of Labor*, transmitted to the Congress March 1964 (Washington, D.C.: U.S. Government Printing Office, 1964), pp. 9-10.

MOVING THE WORKER TO THE JOB

Should unemployed or underemployed persons living in areas with inferior job opportunities be assisted to move to areas with more favorable employment opportunities through a program of relocation allowances? Should such a program be limited to workers moving out of depressed or impoverished areas, or should it apply more generally, so that a worker might, for example, be assisted in moving out of an area in which job opportunities were reasonably favorable but in which employment opportunities in his particular occupation were relatively limited?

The majority of countries included in this study have had provisions for relocation allowances throughout the greater part of the postwar period, but the programs have varied greatly in their eligibility conditions and in the relative adequacy of the allowances provided. Moreover, the numbers applying for assistance under these programs have tended to be quite small, except in connection with the resettlement of expellees and refugees in West Germany in the early 1950's, a movement of workers to West Berlin in the last few years, and assisted migration in Sweden in the last 5 or 6 years.

Furthermore, there has been a shift in the attitudes of many of the Western European governments toward relocation policies in the course of the postwar period. During the first decade after the war, policies aimed at assisting workers to move out of depressed or impoverished areas had a

good deal of support. As time has gone on, however, and labor markets have become increasingly tight in a number of countries, the trend has been toward greater relative emphasis on policies designed to encourage firms to locate in less industrialized and less congested areas, where supplies of unemployed or underemployed workers may be found. Such policies have come to be regarded not only as a means of preventing a cumulative process of decay in depressed industrial areas and of encouraging the economic development of underdeveloped regions but also of combating wage-push inflation in the more congested industrial areas. Despite this shift in emphasis, however, policies providing for relocation allowances under certain circumstances remain in effect, and in some countries, notably Sweden, have been made decidedly more liberal in recent years.

The only country included in this study which does not have provisions for relocation allowances is Italy, although there has been a program of substantial proportions designed to provide assistance to Italians wishing to emigrate abroad. Internal migration—chiefly from southern to northern Italy—has not been assisted by the Government, but northern employers recruiting workers in the south have sometimes paid their moving expenses. Moreover, the public employment service has set up special receiving centers in such cities as Milan and Turin to facilitate the placement of workers arriving from the south. The Italian Government, I was informed by a high official of the Ministry of Labor, has never arrived at any definite policy decision on the general issue of moving

workers to jobs versus moving jobs to workers.¹⁶ However, the Italian Government's post-World War II policy of promoting the economic development of southern Italy is, of course, well known.

In discussing relocation allowances, we shall confine our attention for the most part to provisions in effect at present, although here and there reference will be made to significant changes in policies that have occurred during the postwar period. It might be added that in all six countries whose provisions will be considered, the system of relocation allowances is administered by the public employment service, which usually determines the individual's eligibility for an allowance. In some cases, however, as in connection with the Manpower Redistribution Fund in France, the financing may be provided by another agency.

Eligibility Conditions.—Eligibility for a relocation allowance is usually confined to workers who are unemployed and are experiencing difficulty in finding jobs in their home areas. In Sweden, however, employed workers who, in the opinion of the employment service, are likely to become unemployed in the near future are also eligible,¹⁷ while in West Germany workers who have temporary jobs or have received notice that their jobs will be terminated are eligible, along

with the unemployed.¹⁸ Most of the laws, moreover, include provisions to the general effect that, in the opinion of the public employment service, the individual's prospects for suitable employment in his home area are poor.

The Swedish Confederation of Trade Unions has taken the position, in its recent report on economic policies, that eligibility for relocation allowances should be extended to employed workers, regardless of whether they are threatened with loss of their jobs.

It may frequently be the case that the labor released is for a variety of reasons extremely difficult to move, while it is easier to transfer workers who have not lost their jobs in a particular place. If the labor that is released can obtain employment in this way in its own area, it is clearly sensible to allow those who are not unemployed but are willing to move to obtain the financial allowance instead.¹⁹

Must the individual have an actual job offer in another area, before becoming eligible for relocation assistance? It would appear that in most countries he would have to have a job offer to qualify for moving allowances,

¹⁶ Interview with Dott. Angelo Altarelli, director-general of placement, Ministry of Labor, November 1963.

¹⁷ *Unemployment Programs in Sweden*, paper No. 5 on *Employment Policies and Practices*, Materials Prepared for the Joint Economic Committee, U.S. Congress, 88th Cong., 2d sess. (Washington, D.C.: U.S. Government Printing Office, 1964), p. 22 n.

¹⁸ Federal Institution for Labor Placement and Unemployment Insurance, *Richtlinien zur Förderung der Arbeitsnahme vom 7. Juni 1963* (Nuremberg: 1963), par. A2.

¹⁹ T. L. Johnston, ed. and trans., *Economic Expansion and Structural Change: A Trade Union Manifesto*, report submitted to the 16th Congress of the Swedish Confederation of Trade Unions (London: Allen and Unwin, 1963), pp. 122–123.

but a few countries provide travel expenses to permit a worker to seek a job in another area.

In West Germany, allowances to assist with the cost of moving and resettlement are available if the move is undertaken to take a job in another area, but grants of up to 100 DM (\$25) within any 26-week period may be made to meet the cost of jobseeking, while grants are also available to pay for travel undertaken to take selection tests for a job or a training program. Under the West German program, however, unlike that of the other countries, relocation allowances to meet all or part of travel or moving expenses are available only to those who can demonstrate financial need.²⁰ In some situations, moreover, the assistance may take the form of a loan rather than a grant.

In Sweden, a worker is eligible for various types of travel allowances if he is prepared to take a job in another area, and the labor market situation in that area is "judged by the local employment office to be such that manpower from another area is required to fill the vacancy in question."²¹ This suggests that there must be a job vacancy in the new area but not necessarily a definite offer to the individual in question. Moreover, travel allowances are payable "even though the worker may not have committed himself to accept the job, and only wishes

to look over the situation on the spot."²²

To what extent are relocation allowances limited to workers moving out of labor-surplus areas? In most countries, the requirement that an individual must be encountering difficulty in finding employment in his own area is likely, under conditions of low overall unemployment, to confine eligibility for allowances in large part to those residing in labor-surplus areas, even in the absence of specific provisions to that effect. However, in some countries the system is specifically limited to workers moving out of such areas.

For the most part, the various types of relocation allowances provided by the Labor Market Board in Sweden are available only to those moving out of labor-surplus areas, but evidently exceptions are made in particular cases.

In France, the Manpower Redistribution Fund which was established late in 1954 has been limited to facilitating the retraining and/or relocation of workers affected by plant closures, reconversions, or mergers. The employment offices must make every effort to find employment locally for workers displaced in such situations but are to induce them to move through relocation grants if local employment cannot be found for them.²³ In practice, relocation allowances granted under this fund have apparently been limited in large part to workers moving out of labor-surplus areas, and relatively few workers have been relocated under its provisions. The National Employ-

²⁰ *Richtlinien zur Förderung . . .*, op. cit., par. A4. The maximum available for jobseeking may be increased up to 200 DM by special permission of the president of the *Landesarbeitsamt* (state labor office).

²¹ *Unemployment Programs in Sweden*, op. cit., p. 22 n.

²² B. Olsson, *Employment Policy in Sweden*, reprinted from *International Labour Review*, May 1963, p. 15.

²³ *Industry and Labour*, XIII, Mar. 1, 1955, pp. 203-206.

ment Fund, established at the end of 1963 and discussed more fully in chapter 9, will apply more broadly to workers displaced or threatened with displacement because of technological or other structural changes in the economy, but under its provisions relocation allowances will be available only to those leaving "a region of underemployment, existing or anticipated, in order to take a job corresponding to their qualifications in a region where manpower needs exist."²⁴

The British Resettlement Transfer Scheme formerly applied only to unemployed workers living in designated areas of relatively high unemployment, but this limitation was removed in September 1962. Moreover, under the plan, grants may also be made to "unemployed persons who are going to fill key posts which cannot be filled by local labor in new factories which are being established in areas of high unemployment."²⁵

The Dutch provisions are unique. Relocation assistance is provided for unemployed workers "to whom within a reasonable time no employment can be offered in their place of residence," but since 1960 this assistance has been available only in exceptional cases to workers moving to the congested "Randstad-Holland" area (the area in western Holland which includes Amsterdam, Utrecht, Rotterdam, The Hague, and Haarlem).²⁶ Moreover,

the Dutch regulations are carefully designed to provide more generous allowances to workers moving to areas which the government has designated as "development centers" than to those moving to other areas.

In Belgium, allowances are not limited to workers moving out of labor-surplus areas. An unemployed worker is eligible for such assistance if he cannot obtain "in his actual residence a job of analogous nature and equivalent level to that which he occupied at the time of becoming unemployed or corresponding to his normal possibilities, if he has never had salaried employment."²⁷ In West Germany, also, allowances are not restricted to workers moving out of labor-surplus areas. Moreover, since the erection of the Berlin wall in 1961, a special Berlin aid program has been in effect to encourage workers to move from other parts of West Germany to West Berlin, in order to meet the critical labor shortage which developed when workers were no longer able to commute from East Berlin to jobs in the western part of the city.

A number of countries deny eligibility for allowances to workers who are transferring from one establishment to another within the same firm or prevent the payment of allowances if they are available from the employer.

Types and Amounts of Allowances.—Although the types and amounts of allowances provided vary substantially among these countries, all provide for: (a) Travel expenses for the worker and his dependents to the new area, (b) all or part of the costs of moving furniture, and (c)

²⁴ Loi du 18 décembre 1963 relative au Fonds National de l'Emploi," op. cit., p. 7.

²⁶ Ministry of Labor, *Grants and Allowances to Workers Accepting Work Away from Home*, Leaflet E.D.L. 124 (London: H.M. Stationery Office, 1962).

²⁸ Ministry of Social Affairs and Public Health, *Migration Scheme, 1960* (The Hague, mimeographed, 1961).

²⁷ *La politique de l'emploi*, op. cit., p. 26.

some type of additional payment, usually in a lump sum, to compensate the worker for some of the unusual expenses associated with settling in a new area.

Nearly all of these Western European countries have a problem that would be largely absent in the United States if we were to adopt a system of relocation allowances, i.e., the problem of chronic and acute housing shortages in expanding industrial areas. Thus a worker moving to one of these areas frequently must leave his family behind for some months until suitable housing can be found in the new area. For this reason, Britain, the Netherlands, Sweden, and West Germany all make some provision for the additional cost associated with maintaining two separate households for either temporary or indefinite periods. In Britain, a flat sum of 42s. (\$5.88) a week is contributed toward the lodging costs of the worker, and he is eligible for assistance toward the cost of not more than three trips home to visit his family in the course of a year.²⁸ The West German regulations provide a weekly separation aid (*Trennungsbeihilfe*), which varies inversely with earnings, amounting to about 55 to 60 percent of the weekly wage for those with relatively low wages and declining by steps to an amount representing about 8 percent for those with comparatively high earnings. These weekly payments also vary somewhat with the distance involved in the separation.²⁹

²⁸ Free fares are also available in cases of sickness or domestic emergency during the first 13 weeks of transfer.

²⁹ *Richtlinien zur Förderung . . .*, op. cit., appendix table.

Sweden's system of relocation allowances, which has been liberalized substantially in recent years, is more generous and elaborate than that found in any other country, meriting discussion in some detail.³⁰

Travel allowances are available in the form of a grant or a loan, covering (a) journeys to take up employment at another place, (b) a return trip to the worker's home if the prospective job does not materialize immediately or is terminated within a short time through no fault of the worker, (c) commuting expenses for a period of not more than 3 months if the worker has to remain at his original home and commute to work until he is able to find housing, and (d) a return trip to the place of prospective employment if the job is to begin at a later date. The allowance covers the cost of traveling by the cheapest mode of public transport as well as board and lodging expenses en route while looking for a job. The worker is also entitled to travel expenses for a monthly visit home "in case the family cannot follow the breadwinner immediately."³¹

Removal allowances are provided to cover the cost of moving furniture and the travel expenses of the worker's family in moving to the new area.

³⁰ The most complete description of these allowances available in English is in *Unemployment Programs in Sweden*, op. cit., pp. 22-25. See also Olsson, op. cit., and Organisation for Economic Co-operation and Development, *Labour Market Policy in Sweden; OECD Reviews of Manpower and Social Policies* (Paris: 1963), pp. 34-35.

³¹ Gösta Rehn and Erik Lundberg, "Employment and Welfare: Some Swedish Issues," *Industrial Relations*, 2, February 1963, p. 8.

The third type of provision takes the form of family allowances to compensate the family for the extra expense of maintaining two households, when this is necessary. These allowances are payable for a maximum of 9 months. Moreover, they are reduced at the end of the first 3 months and again at the end of the second 3 months, in order to discourage delay in moving the family to the new area. For the first 3 months, the allowance includes the family's actual rent, up to 250 SKr (\$50) a month, in the home district, plus 140 SKr for the wife and 45 SKr for each child under 16. For the second 3 months these allowances are reduced by one-third and, for the last 3 months, by two-thirds.

To assist the worker in covering his own living costs until the first payday, a starting allowance is also available, varying in amount with the estimated duration of employment from 150 SKr if the job is to last less than 2 months to 500 SKr if the estimated duration of the job is more than 6 months. If the worker terminates the new job without good reason, he must refund a portion of this starting allowance, but no refund is required if he shifts to another job considered suitable by the employment service within the first 6 months. These provisions are of interest, particularly in view of the fact that they indicate that workers are assisted in traveling to other parts of the country even to take temporary jobs. Presumably, in such cases, removal of the family would not be involved unless the job turned out to be permanent. Moreover, it must be kept in mind that much of the employment in the northern part of the country is seasonal, and

a policy of inducing unemployed workers to take even temporary jobs in the more industrialized parts of the country may be justified in a country in which the labor market as a whole is very tight. Although a policy of emergency public works has long been emphasized in Sweden as a means of providing employment in labor-surplus areas, especially in off seasons, this approach has come to be looked upon with less favor in recent years.

It should be remembered that road building, for example, involves costs per man-day several times the wage of the man placed on the job. Untrained persons from the unemployment lists can often reduce productivity on such jobs to such an extent that it is better to pay them a full day's wage for not being there. This is another reason for emphasizing a program to help such persons move permanently to other jobs. Hitherto the possibility of alternating between emergency public works, seasonal private jobs, and self-employment in small farming has kept many persons in surplus areas for years.³²

Finally, there is a recently inaugurated settlement grant of 2,000 SKr (\$400) that is available only for workers moving out of the five northernmost provinces, which have been suffering from declining employment in the forestry industry, as well as from a chronic problem of seasonal unemployment in the winter.

Homeownership appears to be a significant barrier to movement out of

³² *Ibid.*, p. 7.

the northern provinces.³³ A good many agricultural and forestry workers own their own homes and in many cases would sustain a loss in selling them in this region of declining employment. To meet this problem, bills have been introduced in the Swedish Parliament aimed at compensating homeowners for all or part of such losses. This type of legislation is supported by the labor movement,³⁴ but opposed by the Employers' Confederation. One argument used by the employers is that if the Government were to underwrite the losses on such homes or buy them for later resale, Finnish workers would be likely to move in and buy the houses. Later, these Finns would become eligible for relocation allowances, as well as for compensation for the losses involved when they, in turn, attempted to sell the houses.³⁵ Movement among the Scandinavian countries is unrestricted, and there has been a substantial movement of Finns into Sweden.

As a means of combating the obstacles to geographical mobility posed by the chronic housing shortage in expanding industrial areas, the Labor Market Board can grant extra credits to local communes in certain cases on condition that they provide a corresponding number of dwellings for workers transferred from other areas. However, the amounts involved have been relatively small. Funds available

for combating unemployment have also been used to build houses for transferred workers and their families and to provide hostels for single persons.³⁶

An interesting feature of the Dutch provisions is that unmarried workers are not eligible for relocation allowances, unless they are disabled. Moreover, movement to development centers is encouraged, as we have seen, by relatively liberal allowances, as is the movement of the disabled. Thus, married able-bodied workers moving to areas other than development centers are eligible for the cost of travel of the first journey of the worker to the new area, moving expenses, travel expenses of the worker's dependents in connection with the move, and a lump-sum payment of 240 guilders (about \$66) plus 40 guilders for each child. Married able-bodied workers moving to development centers may receive, in addition to these allowances, a portion of the cost of board and lodging or daily commuting expenses for a period up to a year, apparently to encourage the worker to accept employment in the development center even if housing cannot immediately be found for his family. The provisions for married disabled workers are similar to those for the last-mentioned category, except that the contribution toward the cost of board and lodging is somewhat more liberal. A fourth category—unmarried disabled workers—may receive the cost of the first journey to the new area, moving expenses, and a lump-sum payment of 160 guilders.³⁷

³³ See Royal Labor Market Board, *Undersökning Rörande Långvarigt Arbetslösa i Norrbottens och Värmlands Län i Oktober 1961*, *Arbetsmarknadsstatistik*, No. 7B, 1963 (Stockholm).

³⁴ See Johnston, op. cit., p. 123.

³⁵ Interview with Karl O. Faxén, Swedish Employers' Confederation, September 1963.

³⁶ Olsson, op. cit., pp. 15–16.

³⁷ *Migration Scheme*, 1960, op. cit.

Results.—Except in Sweden and West Germany, the number of unemployed workers who have applied for relocation allowances has been comparatively insignificant, but a substantial amount of migration has nevertheless taken place without benefit of such allowances.

In Britain, the major emphasis throughout the postwar period has been on encouraging the movement of industry into depressed areas rather than moving workers out. There has been a good deal of political opposition, from members of Parliament representing the depressed areas and from many of their constituents, to a policy of encouraging workers to move out. In the face of this opposition, the Resettlement Transfer Scheme has represented, as one expert has put it, a "typically British compromise,"³⁸ under which relocation allowances have been available but on a comparatively meager scale. The National Economic Development Council has also characterized the allowances as meager.

The grants and allowances given to workers under the Ministry of Labour Resettlement Transfer Scheme are no more than a contribution to the minimum necessary expenses of removal. If improved grants and allowances including a substantial "starting

allowance" were given to suitable unemployed workers in selected areas willing to transfer to jobs in "approved" areas, the number of workers willing to move might be significantly increased.³⁹

Yet migration out of the depressed areas has taken place on a substantial scale, as a recent report on Britain's manpower situation has pointed out.

Statistics of interregional migration, which are based on a count of insurance cards and therefore reflect actual movement of workers, show that, since 1951, there has been a net movement of about a quarter of a million workers into the South of England, little change in the Midlands, and a net movement of workers out of Scotland, Wales, and the North of England. Preliminary reports of the 1961 Census show a similar change in the movement of the total population. There is no doubt that better employment opportunities in the South and Midlands have been a major factor encouraging migration, and the persistence of differences between the regional unemployment rates suggests that the attraction of labour to these areas is likely to continue.⁴⁰

According to Ministry of Labour officials, only an insignificant portion

³⁸ Alan J. Odber, "Regional Policy in Great Britain," in *Area Redevelopment Policies in Britain and the Countries of the Common Market*, a group of reports prepared under the direction of Professor Frederic Meyers for the U.S. Area Redevelopment Administration (Institute of Industrial Relations, University of California, Los Angeles, mimeographed, 1963), p. VI-72. (These reports will hereafter be cited as the Meyers Reports.)

³⁹ National Economic Development Council, *Conditions Favourable to Faster Growth* (London: H.M. Stationery Office, 1963), p. 11.

⁴⁰ *National Joint Advisory Council: Report of the Working Party on the Manpower Situation*, reprinted from the *Ministry of Labour Gazette*, February 1962, p. 2.

of this migration was assisted by the Resettlement Transfer Scheme. To the extent that transfers from one branch to another of the same firm were involved, the move was frequently financed wholly or partly by the employer. Undoubtedly much of the migration, however, consisted of the spontaneous and unassisted movement of young people to areas with more favorable employment opportunities.

Recently there have been indications of a trend toward liberalization of allowances and of greater emphasis on inducing workers in regions of higher unemployment to move to growth zones within those regions, along with other changes in regional economic policy. In September 1962, the Resettlement Transfer Scheme was extended to the whole country, as indicated above, and the board and lodging allowance for workers was increased from 35s. to 42s. a week.⁴¹ It is recognized, however, that, if workers are to be induced to move into growth zones or other expanding areas, more vigorous steps will have to be taken to increase the supply of housing available to them.

The Committee of Inquiry into the Scottish Economy (Toothill Committee) concluded that while a wide variety of factors—family ties, custom, schools, communica-

tions, job opportunities, relative earnings—affect the geographical mobility of labour, the most important factor is housing. Confirmation of this view has been provided in discussions with industries which have had experience with the problems of persuading workers to move to jobs in other areas. Workers are usually unwilling to move to other areas if this means losing priority on housing lists or giving up a council house or rent-controlled accommodation. Local authorities also find it difficult to provide housing accommodations for incoming workers when they have waiting lists of their own residents for houses.⁴²

Dutch experience with relocation allowances appears to have been similar to that in Britain. Dutch officials informed me that a great deal of migration had taken place in the Netherlands in the postwar period, particularly to the Randstad-Holland area, and that in recent years there had been some reverse movement to areas in the northern and eastern parts of the country which had had relatively high unemployment rates but in which job opportunities had improved substantially. However, very little of this migration had been assisted by the Government program. (Until 1960, allowances were available for movement from labor-surplus areas to the congested area of western Holland.) The limited number of applicants for moving allowances was attributed by Dutch officials at least partly to the fact that most workers did not know about

⁴¹ The extension of the plan to the entire country did not require any change in the law. The Employment and Training Act of 1948 had authorized the Minister of Labour to facilitate the "removal of any persons, with or without their dependents, to or from any place in Great Britain for the purpose of obtaining employment." See International Labour Office *Legislative Series, 1948—U.K. 4*, par. 5(1)(b), (Geneva).

⁴² *Conditions Favourable to Faster Growth*, op. cit., pp. 10–11.

them. Another factor may have been the requirement, in effect before 1960, that the employer had to pay a certain percent of the cost of the allowances.⁴³ Under the regulations currently in effect, the fact that unmarried able-bodied workers are not eligible for allowances probably plays a significant role in holding down the number of applications.

Interestingly, also, very few Belgian workers applied for relocation allowances under the new provisions adopted in 1961, at least up to the end of the following year. In the course of 1962, there were only 10 applications for this type of assistance, of which 4 had been approved by the end of the year.⁴⁴

In West Germany relocation assistance played an extremely important role in connection with the resettlement of expellees and refugees from Eastern Europe in the early 1950's, as we saw in chapter 3. This was, however, a unique situation, and one which can scarcely be compared with the more usual attempts to induce people to move out of depressed areas, since the expellees and refugees were not in any sense permanent residents of the areas, many of them were residing in temporary refugee camps, and the local taxpayers were, I have been told, resentful of having to bear a share of the cost of their support. Moreover, many of the expellees and refugees were qualified for skilled or professional jobs in the expanding industrial areas.

In the 1950's there was also a substantial movement of unemployed workers from West Berlin to areas with

more favorable employment opportunities in the Federal Republic. Although I was not able to obtain statistical data on this movement, I was informed that some of these workers received relocation allowances, while others moved without assistance. Moreover, in some cases they participated in training programs arranged by the West Berlin employment service before moving to other areas. Most of those who moved were relatively young, but a substantial number of older typists were assisted in moving to Bonn when the federal offices in the new capital faced an acute shortage of qualified clerical workers.

Since the erection of the Berlin wall in the summer of 1961, a reverse movement of workers to West Berlin has been taking place with assistance from the Berlin aid program.⁴⁵ Between the inauguration of this program and the end of 1962, approximately 34,000 persons applied to the employment offices in various parts of the Federal Republic for jobs in West Berlin. The great majority of the applicants were male, and nearly three-fifths of them were under 25 years old. During the same period, the Berlin labor offices succeeded in placing nearly 14,000 of these applicants. More than 5 million DM were spent on the Berlin aid program in 1962, but I have not been able to obtain data on the number of workers who received relocation allowances.

In Sweden, expenditures on relocation allowances and the number of recipients of such allowances have increased sharply since 1958-59, under the impact of intensified efforts of the

⁴³ *Industry and Labour*, XIII, May 15, 1957, pp. 444-447.

⁴⁴ National Office of Employment, *Rapport Annuel*, 1962 (Brussels: 1963), p. 36.

⁴⁵ Interview with Frau Riefenstahl, Landesarbeitsamt, West Berlin, August 1963.

Labor Market Board to encourage relocation and its success in obtaining increased appropriations for the purpose (table 20). Beginning in 1957, a number of measures were adopted by Parliament to liberalize the amounts of allowances and increase the types that could be provided.⁴⁶ No doubt these liberalizing measures played a role in increasing the number of applicants for allowances, but more vigorous efforts by the employment offices to improve the interarea transmission of information about job vacancies and to encourage workers to apply for jobs in other parts of the country were also important.

According to Bertil Olsson, director-general of the National Labor Market

⁴⁶ See *Labour Market Policy in Sweden*, op. cit., pp. 34-35.

Board, "the most important means of stimulating geographical mobility is more effective placement."⁴⁷ The number of employees of the public employment service increased by more than a third from 1958 to 1963. Extensive use has been made of radio, television, and newspaper advertising to keep the public informed of labor needs and employment opportunities in various parts of the country. Despite the emphasis on relocation allowances, the number of persons moving with such assistance has represented only about 15 percent of the total number of workers (about 70,000 a year) moving to take jobs in other areas obtained for them through the public employment service in the last year or two. However, most interarea place-

⁴⁷ Olsson, op. cit., p. 14.

TABLE 20.—EXPENDITURES ON RELOCATION ALLOWANCES AND NUMBER OF RECIPIENTS, BY TYPE OF ALLOWANCE, SWEDEN, 1958-63

| Fiscal year | Expenditures in thousands of kronor | | | Number of recipients ¹ | | |
|--------------|-------------------------------------|------------------|------------------|-----------------------------------|------------------|------------------|
| | Starting allowance | Family allowance | Travel allowance | Starting allowance | Family allowance | Travel allowance |
| Total..... | 10, 447 | 12, 543 | 6, 966 | 39, 882 | 10, 853 | 52, 651 |
| 1958-59..... | 660 | 2, 252 | 416 | 2, 200 | 1, 881 | 3, 212 |
| 1959-60..... | 2, 102 | 2, 761 | 915 | 8, 164 | 2, 110 | 7, 465 |
| 1960-61..... | 1, 993 | 2, 492 | 1, 148 | 7, 898 | 2, 116 | 9, 850 |
| 1961-62..... | 2, 292 | 2, 224 | 1, 575 | 8, 725 | 2, 068 | 12, 000 |
| 1962-63..... | 3, 400 | 2, 814 | 2, 912 | 12, 895 | 2, 678 | 20, 124 |

¹ Individuals may receive more than one travel allowance, and it is probable that some persons received starting and family allowances more than once during the 5-year period. Thus the number of recipients may exceed the number of individuals who received allowances.

SOURCE: U.S. Congress, 88th Cong., 2dnd sess., *Unemployment Programs in Sweden*, Paper No. 5 on Economic Policies and Practices, Materials Prepared for the Joint Economic Committee (Washington, D.C.: U.S. Government Printing Office, 1964), pp. 24-25.

ments involve relatively short moves and, as we have seen, allowances are for the most part available only for persons living in labor-surplus areas. The proportion moving out of such areas who receive some type of allowance ranges from 50 to 100 percent of the total number of interarea placements involved.⁴⁸ In 1963, 8,000 workers in all migrated from northern counties to other parts of the country.⁴⁹

Of considerable interest are the results of a 1962 followup study of persons whose applications for starting allowances were approved or disapproved in October 1959 and October 1960.⁵⁰ Unfortunately, the information obtained was not very complete. An attempt was made to follow the workers' employment experience through the end of 1961, but the data were gathered from employers and employment offices rather than from the workers themselves. The study included 1,709 persons. Of that total 924 were granted starting allowances, and 516 were denied assistance. About 70 percent of those granted allowances were residents of six northern counties, while the others were scattered throughout the remaining counties. However, about two-fifths of the allowances granted in these northern counties were for moves within the region, chiefly to work in certain areas

where power plants were under construction.

About 48 percent of those applying for allowances were less than 25 years old, while about 87 percent were less than 45 years old. Those whose applications were denied tended to be somewhat older, on the average, than those receiving allowances, but the difference was not pronounced. Approximately 10 percent had had some vocational training in courses for the unemployed, and a small proportion had had other types of training, but more than four-fifths had received no vocational training.

In terms of the types of work in which they had previously been employed, they were about equally divided among four groups—farm and forestry workers, industrial workers, building trades workers, and others (including trade and service industries and young persons with no previous work experience). But of the jobs they moved to, nearly two-thirds were industrial jobs, about a fifth were building trades jobs, only about 4 percent were in farm or forestry work, and about one-tenth were in other types of work. Thus a considerable amount of interindustrial mobility and a substantial net movement into industrial jobs were associated with these geographical moves. Of those from whom information was obtained on the type of housing accommodations into which they moved in the new area, about half lived in rented rooms of the dormitory type, and most of the rest rented private rooms. Less than one-tenth lived in apartments. The percent moving into dormitory-type accommodations was particularly high for building trades workers.

⁴⁸ Ibid., p. 15.

⁴⁹ Gunnar Lindström, *Report on the Swedish Labour-market Policy*, prepared for the OECD Employers' Seminar, April 14–17, 1964, Swedish Employers' Confederation (Stockholm, mimeographed, 1964).

⁵⁰ *Undersökning Rörande Personer Vilkas Ansökningar om Starthjälp Avgjordes i Oktober 1959 och 1960*, *Arbetsmarknadsstatistik*, No. 3B, 1963, Royal Labor Market Board (Stockholm, mimeographed).

TABLE 21.—SWEDISH WORKERS WHO RECEIVED STARTING ALLOWANCES IN OCTOBER 1959 AND 1960, BY LENGTH OF THE FIRST JOB AFTER THE MOVE AND BRANCH OF ACTIVITY

| Length of first job | Branch of activity | | | | |
|----------------------------------|--------------------|-------------------|----------|-----------------|--------------|
| | Total | Farm and forestry | Industry | Building trades | Other trades |
| Total: Number..... | 1, 193 | 47 | 779 | 253 | 114 |
| Percent distribution.... | 100 | 100 | 100 | 100 | 100 |
| 1 month or less..... | 10 | 31 | 10 | 7 | 8 |
| 1 to 3 months..... | 17 | 21 | 18 | 19 | 5 |
| 3 to 6 months..... | 19 | 25 | 17 | 27 | 19 |
| 6 to 9 months..... | 12 | 6 | 11 | 16 | 10 |
| 9 to 12 months..... | 7 | 2 | 7 | 8 | 14 |
| 12 months or more..... | 8 | 4 | 6 | 13 | 10 |
| Still in same job, end of 1961.. | 27 | 11 | 31 | 10 | 34 |

SOURCE: Royal Labor Market Board, *Undersökning Rörande Personer Vilkas Ansökningar om Starthjälp Avgjordes i Oktober 1959 och 1960*, Arbetsmarknadsstatistik, No. 3B, 1963 (Stockholm), p. 22.

Probably the most striking data relate to the limited duration of the jobs which they took in the new areas and to the substantial proportion who had moved back to their home counties by the end of 1961—two phenomena which were obviously interrelated (tables 21 and 22). Forty-six percent of the jobs lasted less than 6 months, and another 19 percent less than 12 months. Those who were still employed on the same job to which they had moved at the end of 1961 accounted for 27 percent of the total, while the remaining workers stayed on that job 12 months or more. As might be expected, the proportions who left the jobs to which they had moved within a relatively short time were particularly high if the job was in the building trades or in farm or forestry work. But even among those who

moved to industrial jobs, only 31 percent were in the same job at the end of 1961 and only 6 percent had been on that job 12 months or more. Among those who received their starting allowances in October 1959, 40 percent had returned to their home counties by the end of 1961, while 30 percent of those who had received the starting allowance in October 1960 had returned to their home counties by the end of the following year. What the investigation does not reveal, however, is why so many of the jobs turned out to be shortlived and what proportion of those who returned to their home counties had left to take only temporary or seasonal jobs in the first place. There is no information on the reasons for leaving the jobs, including whether the separation was voluntary or involuntary. Probably

TABLE 22.—SWEDISH WORKERS WHO RECEIVED STARTING ALLOWANCES, BY PLACE OF RESIDENCE AND EMPLOYMENT STATUS

| Place of residence and employment status, end of 1961 | Date allowance was granted | |
|---|----------------------------|--------------|
| | October 1959 | October 1960 |
| Total: Number | 514 | 679 |
| Percent distribution . . . | 100 | 100 |
| Still in first job after the move | 18 | 33 |
| Not in first job | 72 | 58 |
| Returned to home county | 40 | 30 |
| Still in county of first job | 21 | 19 |
| In another county, but not home county | 11 | 9 |
| No information available | 10 | 9 |

SOURCE: Unpublished table supplied by the Royal Labor Market Board, Stockholm.

many of the jobs in the building trades and in farm and forestry work were expected to be temporary, but information on how many returned home by type of work is not provided. Nor does the study shed any light on how many of these workers were eventually joined by their families in the new area. It is to be hoped that, in future studies undertaken by the Labor Market Board, the workers themselves will be contacted, so that questions of this type can be answered.

It should be noted in this connection that workers who migrate to a new area are likely, as I have found in

my studies of migration to California, to have relatively high rates of job mobility in the first few years after the move.⁵¹ Like young workers entering the labor market, they may have to "shop around" for a while before they find a job that is either satisfactory or permanent. Moreover, many of these Swedish workers were, in fact, quite young, and some of them had no previous work experience.

Implications of Relocation Experience.—Partly because of the paucity of statistical and analytical data relating to relocation allowances, only the most tentative inferences can be drawn from European experience with them. Nevertheless, the experience of a number of these countries suggests that, where relocation allowances are available, only a relatively small proportion of workers migrating from one part of the country to another tend to apply for them. The percent moving with such assistance in Sweden is evidently considerably higher than in the other countries for which I have any information, but even there it is only about 15 percent for the country as a whole, although it is much higher for workers moving out of the northern counties.

The liberalization of Swedish allowances and the intensified efforts of the public employment service to publicize their availability in the last 6 years apparently have had much to do with their increased use. Increasingly tight labor markets in the expanding indus-

⁵¹ See, particularly, Margaret S. Gordon, *Migrant and Nonmigrant Workers in San Francisco*, unpublished report based on the Six City Labor Mobility Survey of January–February 1951 (Berkeley: Institute of Industrial Relations, University of California).

trial areas of central and southern Sweden, along with some tendency toward an increase in the unemployment rate in parts of northern Sweden, may also have played a role, although, in the absence of annual data on interregional migration, it is not clear whether there has been an increase in the actual movement of workers, or only in the proportion taking advantage of relocation allowances. On the other hand, there are indications that inadequacy of the allowances and/or workers' lack of information about them have helped to explain their extremely limited use in certain other countries. There is some reason to suspect that labor ministries do not publicize these allowances very much because of political opposition in local communities to policies of assisting workers to move to other areas. Housing shortages in expanding areas clearly play an important role in limiting mobility, particularly for families, whereas young single workers, who tend to be relatively mobile in any case, may be able to find lodging more readily and tend to have relatively little need for relocation assistance.

European experience suggests that if a more extensive program of relocation allowances were to be adopted in the United States, the costs would probably not be overwhelming, because the number of workers applying for such allowances would be likely to represent a relatively small fraction of all those who migrated. The costs could also be held down by limiting them to workers migrating from areas of high unemployment, and perhaps, also, to workers with dependents. Their chief value would be in stimulating some movement out of depressed areas which

might not otherwise take place because of the costs involved. Those with a relatively high propensity to migrate—the comparatively young, the better educated, professional and technical workers, nonhomeowners, etc.—are likely to move without seeking assistance when there is a prospect of more favorable employment opportunity or an actual job offer in other areas.⁵² Such movement, however, tends to be held back when the unemployment rate in the nation as a whole is relatively high and there are comparatively few areas in which labor shortages exist. Moreover, under these conditions, it is doubtful that relocation allowances would have much effect in inducing movement that would not otherwise occur. In an environment of expanding employment and declining unemployment in the nation as a whole, however, employment tends to expand at a relatively rapid rate in areas with expanding industries, and migration to these areas tends to increase.⁵³ In such an environment, relocation allowances might well play a significant role in inducing movement on the part of the less mobile elements in the population. Whether such a program should include any attempt to compensate

⁵² For a recent study of the propensity to migrate, see John B. Lansing and others, *The Geographical Mobility of Labor: A First Report* (Ann Arbor, Mich.: Survey Research Center, University of Michigan, mimeographed, 1963).

⁵³ For further discussion of these relationships, see Margaret S. Gordon, *Employment Expansion and Population Growth: The California Experience, 1900–1950* (Berkeley and Los Angeles: University of California Press, 1954), and “Immigration and Its Effect on Labor Force Characteristics,” *Monthly Labor Review*, 82, May 1959, pp. 492–501.

homeowners in depressed areas for all or part of the losses involved in the sale of their homes (a relatively more important problem here than in Europe because of the higher rate of homeownership) is a question on which European experience sheds practically no light.

Such a program would not necessarily be inconsistent with our area redevelopment policy. Even if an area redevelopment policy is somewhat successful in arresting declining employment in an area or in bringing about an expansion, there will not necessarily be suitable job opportunities for all qualified workers. Moreover, in some areas employment may continue to decrease in depressed industries, and there may actually be an increase in the unemployment rate, despite some degree of success in attracting new industry into the area.

REGIONAL ECONOMIC POLICY

Within the scope of the present study, it is impossible to discuss regional economic policies in Western Europe in any detail. Moreover, it would be superfluous, in view of the rapidly growing literature on this subject.⁵⁴ Our discussion will be confined to a very brief summary of certain trends in regional economic policies, with some attention to their implications for retraining and relocation.

Regional economic policies in Western Europe have their antecedents in

programs to attract industry to depressed industrial areas which developed before World War II. England was the pioneer in this type of legislation,⁵⁵ but a few other countries developed similar programs in the 1930's.

During the first postwar decade, most of the countries included in this study adopted legislation to induce firms to locate in depressed or underdeveloped areas through some combination of grants, loans, tax exemptions, and other financial incentives. Belgium's legislation, however, was adopted as recently as 1959. It is only within the last year or so that Sweden has shown signs of shifting from a relatively limited program of influencing the location of industry to a more vigorous policy of promoting regional development in the northern part of the country.

In their early stages most of these policies were aimed at combating unemployment or underemployment in depressed or underdeveloped regions and often existed alongside policies designed to assist workers in moving out of such areas. It was recognized that a policy of encouraging workers to move out would never provide a complete answer. There would always be a substantial number of persons who would be inclined to remain despite the availability of relocation allowances—particularly middle-aged and older people who owned homes, had comparatively deep roots in their communities, and, perhaps, had a number of relatives or partially dependent aged parents living in the area. Yet a gradually declining population would tend to be associated with deterioration of

⁵⁴ See, particularly, the Meyers Reports, cited in footnote 38.

⁵⁵ Odber, *op. cit.*

the community because of declining markets for retailers and failing financial capacity to provide adequate schools, roads, and other public facilities and services. This is what I had in mind earlier in referring to a "cumulative process of decay" in such areas.

As regional policies have developed, and as labor markets have become tighter in more recent years, there have been various changes in emphasis in these policies. By no means have all the changes occurred in all countries, but tendencies are clearly at work which are likely to manifest themselves in the future even where they have not yet made their appearance.

Tapping Underutilized Labor Supplies.—As unemployment rates have declined, area redevelopment policies have come to be viewed, not merely as a means of combating unemployment or underemployment, but also of checking inflation through promoting more effective use of the nation's entire labor supply. Continued expansion of employment in the major industrial centers would, to be sure, attract the more mobile workers away from distressed or underdeveloped areas, but the less mobile workers would tend to remain behind and continue to be underutilized. Employers in rapidly expanding areas would tend to meet their growing needs for labor, at least in part, by raising wages and attracting workers away from each other, thus contributing to inflation. Encouraging the location of firms in distressed or outlying areas would enable entrepreneurs to tap underutilized labor supplies which in some cases might be available at relatively low wages. Even if they were not, the process of

competitive bidding up of wages (often in the form of "wage drift") would be to some extent held in check.

In the absence of special financial incentives offered by government, of course, some firms might react to increasingly tight labor markets by moving to, or establishing branches in, more outlying areas. But poor roads, poor community facilities, greater distances from markets and sources of raw materials, and other locational disadvantages would often discourage such moves despite the availability of labor in such areas.

I had an opportunity to learn something about regional economic policies in Switzerland, as well as in the seven countries chiefly considered in this study. There tight labor markets and increasing dependence on foreign labor have been particularly influential in leading entrepreneurs, aided and abetted by policies of both the federal government and the cantons, to locate in outlying areas, often in rather inaccessible mountain valleys, in order to tap underutilized labor supplies.

Checking the Growth of Congested Areas.—In some countries, regional policies have come to embrace a program of restricting the expansion of industry in congested areas along with efforts to encourage its location in depressed or underdeveloped areas. Unchecked expansion in heavily congested areas is undesirable, it is argued, because such investment may be economically disadvantageous in terms of social costs even though it involves locational advantages in terms of private costs to the investor. Not only are inflationary wage movements in congested areas disadvantageous from the point of view of the national economy,

but if an urban agglomeration expands beyond a certain point, the operating costs of the community tend to increase more than total income per capita, i.e., the community will begin to exceed its optimum population.⁵⁶ If the time consumed, for example, in the transportation of goods and in the journey to work is to be held down, complex and relatively expensive transportation networks must be constructed within these large urban agglomerations.

Britain, France, and the Netherlands have enacted legislation to check the growth of congested areas. The pioneering legislation of this type was the British Town and Country Planning Act, which, among other things, required industrialists to obtain an Industrial Development Certificate before building any new factory or extension over 5,000 square feet.⁵⁷ The Board of Trade has used its powers under this act to check the location of industry in the congested south and midlands, while stimulating its location in the depressed areas of Wales, northern England, and Scotland under the provisions of the Distribution of Industry Act of 1945 and its successor, the Local Employment Act of 1960. Similarly, under a French measure adopted in 1955, ministerial approval is required for the construction or expansion of industrial buildings involving additional employment of more than 50 persons or surface space of more than 500 square meters or 10 percent

of the existing space. Subsequent measures enacted between 1955 and 1960 dealt particularly with the Parisian region, extending the requirement of ministerial approval to Government buildings and all industrial establishments. In addition, a special levy was imposed on the construction of office or industrial buildings in the Parisian region, and a premium was given for their abolition.⁵⁸

Dutch legislation does not go so far as the French and British, although one of the aims of the revised area development law adopted in 1959 was to slow down the expansion of the Randstad-Holland area by applying more effective stimuli to industrial expansion in less developed areas. The only specific provision aimed at preventing the expansion of the Randstad-Holland area is the prohibition on relocation allowances for workers moving to this area, except in special circumstances, which were mentioned in the previous section.⁵⁹

Regional Planning and Growth Points.—The tendency in Western Europe has been away from policies which treat all depressed or underdeveloped local areas alike. It is difficult and economically unsound to attempt to attract industry to a good many of these areas because of locational disadvantages of various types, it is argued. Moreover, if policies are aimed at stimulating the development of all such areas indiscriminately, the limited resources available for area development programs tend to be spread very thinly. The industrial potential

⁵⁶ For a good discussion of this theory of optimum population, see L. H. Klaassen, "Regional Policy in the Benelux Countries," the Meyers Reports, pp. II-10 ff.

⁵⁷ Odber, op. cit., p. VI-16. Under earlier 1945 legislation the building license system was used for the same purpose.

⁵⁸ Pierre Bauchet, "Regional Development Policies in France," the Meyers Reports, p. III-68.

⁵⁹ Cf. Klaassen, op. cit., pp. II-38 ff.

of broader regions which include numerous depressed or underdeveloped areas needs to be carefully analyzed with a view to determining, e.g., how the transportation system might be improved to benefit the entire region, what types of industries might thrive in various parts of the region, and which local areas have the greatest potential for growth. Then a plan for regional development should be adopted, including plans for a many-faceted program of stimulating the development of the areas selected for intensified growth—variously referred to as growth points, nuclei of development, etc. These plans for intensified local development may include provision for extensive improvements to the infra-structure financed at least partly by central government funds, the designation and development of industrial zones or parks (including, in some countries, advance building of factories for later sale or lease to private firms), relatively liberal terms for grants or loans to firms locating in such areas, measures aimed at providing improved housing, and special tax inducements.

In France, regional economic planning has tended to become more and more an integral part of national economic planning. A growth point or development area policy was adopted under the Dutch legislation in 1959, while West Germany has had a policy of this type for a considerable time, although it has apparently not been very vigorously pursued.⁶⁰ The British

reports on central Scotland and the northeast also recommended a growth point policy,⁶¹ and in the Italian program for development of the Mezzogiorno a growth point policy has received increasing emphasis in recent years.⁶²

In Sweden, the powers available to the Government to influence industrial location have been substantially more limited than in other countries included in this study, and there has been considerable opposition to an aggressive policy of regional economic development in the depressed areas of the north. The National Labor Market Board has an industrial location division which advises firms on location, proposing areas which meet the firm's requirements but which also appear advantageous from the point of view of the public interest. Efforts are made to dissuade firms from establishing in the congested Stockholm area and to encourage location in places with a single or dominant industry susceptible to fluctuation in business activity, rural areas, areas in great need of industry because of the closing of a major plant, and so on. Moreover,

are usually moderate-sized towns or cities in the midst of less developed areas, but Storbeck's study indicates that there have been a number of obstacles to emphasis on these development policies, including the tendency in recent years to rely on bringing in foreign workers rather than tapping labor supplies in outlying areas.

⁶¹ For references to these reports, see footnote 11. See, also, "The First Region: The North East," *The Economist*, Dec. 7, 1963.

⁶² See Ettore Massaccesi, "Regional Economic Development Policies in Italy," the Meyers Reports, and Vera Lutz, *Italy: A Study in Economic Development* (London, New York, and Toronto: Oxford University Press, 1962).

⁶⁰ Cf. Dietrich Storbeck, "Area Redevelopment in the Federal Republic of Germany," the Meyers Reports. Government officials whom I interviewed in Bonn placed a good deal of emphasis on the designation of growth points, which in West Germany

funds are provided by the central Government for loans to small industries and craftsmen by local and provincial industrial associations which cooperate with the Labor Market Board on a voluntary basis, while the Labor Market Board is consulted by the board of trade on location questions in connection with the latter agency's power to guarantee larger loans made by these local and provincial associations.⁶³ In some instances, the board has had notable success in inducing firms to locate in areas threatened with a serious problem of labor displacement because of the closing of a plant which had been a major factor in providing employment in the area.

Swedish employers, however, have opposed a more extensive policy of grants and loans to influence the location of industry on the ground that it would be an entering wedge for Government intervention in industrial decisions. They argue that Norway's policy of encouraging firms to locate in the north gradually led to subsidies all over the country and that French national and regional economic policies involve altogether too much interference with private industry. Moreover, the labor movement has favored a location policy with primary emphasis on encouraging "the concentration of economic activity in the expanding areas of the country"⁶⁴ and has vigorously supported the liberalization of relocation allowances to encourage workers to move to such areas.

Recently, however, there have been indications of a shift in Swedish policy

toward a more aggressive program of regional economic development in the north. A report of a Royal Commission on Localization Policy, issued in September 1963, recommended such a program, and a year later, just before the last general election, the Government announced that it would propose legislation to provide for the allocation of about 800 million SKr (\$160 million) for development grants and loans to firms locating in the north.⁶⁵

A major step in the direction of regional economic planning in the United States will be taken if Congress enacts the administration-supported Appalachian Regional Development bill, which was passed by the Senate in September 1964⁶⁶ but received no action by the House in the last session. The bill provides for: (1) An Appalachian Regional Commission to prepare "comprehensive plans and programs . . . for the economic development of the region," (2) a \$1.2 billion highway program, with the Federal Government contributing 70 percent of the cost, (3) \$237.2 million for other Federal Government expenditures in the area, chiefly on various types of public works, and (4) an authorization of \$75 million to support the work of urban planning agencies in the area. [Ed. Note: The Appalachian Regional Development Act of 1965 became law March 9, 1965.]

Although the bill has been criticized in some quarters for its heavy emphasis on highway expenditures, the development of an adequate highway network to provide access to and within the region seems to me to be a logical first

⁶³ National Labor Market Board, *Location of Industries*, Information Memorandum (Stockholm, mimeographed, 1961).

⁶⁴ Johnston, *op. cit.*, p. 129.

⁶⁵ *New York Times*, Sept. 13, 1964.

⁶⁶ *Ibid.*, Sept. 26, 1964.

step toward making the region more attractive for industrial development. Nearly 20 years after the enactment of the Distribution of Industry Act of 1945, the British are bemoaning the fact that inadequate highways continue to be a major obstacle to Scotland's industrial development.

The Appalachia bill does not provide for a growth point policy, although it is conceivable that such a policy might develop as a result of the deliberations of the proposed regional commission. However logical such a policy might be, it would probably arouse formidable political opposition and would also probably require modification of the Area Redevelopment Administration's criteria for designating redevelopment areas. The most favorable areas for intensified development programs might well fail to meet the Area Redevelopment Act criteria for serious and prolonged unemployment, once a process of industrial expansion had been stimulated, if not in the initial stages of the program. [Ed. Note: The Appalachian Regional Development Act as passed does specifically provide for such a growth policy. The Public Works and Economic Development Act of 1965, the successor to the Area Redevelopment Act (which expired June 30, 1965), recognized the contribution which growth points can make to the revitalization of a depressed area's economy.] As Odber argues with respect to British policies, a successful growth point program requires that the local areas selected for intensified development should be permitted to qualify for development aid even if their unemployment rates are below those of surrounding areas and too low to meet the usual

criteria. A successful policy of regional economic development requires a program of sustained aid in accordance with the regional plan until the process of expansion has reached a point at which it can be expected to continue without additional special aid. Thus a growth zone should not be de-certified for development assistance as soon as its unemployment rate has fallen below the defined level.⁶⁷ It should be noted in this connection that in many of the Western European countries the unemployment rate is by no means the sole criterion used in identifying development areas, whether they are urban or rural. Low per-capita income and, in some cases, a pattern of outmigration are also used as criteria.

If many of the Western European countries are not fully satisfied with the results of their policies thus far, there seems to be a good deal of agreement on the need to move in the directions discussed above. For purposes of this study, the main point is that these policies have important implications for retraining programs in depressed areas. They seem far more likely to set in motion a process of expansion which will be associated with a need for training in a variety of occupations. If this is the case, moreover, the trainee will be more likely to succeed in finding a job within the region, although perhaps not in his home area, once he completes his training. And, as is now beginning to be the case in Britain, at least some degree of emphasis could well be on encouraging workers, with the aid of relocation allowances, to move to growth zones from surrounding areas with less development potential.

⁶⁷ Odber, *op. cit.*, especially, pp. 53-61.

9

RETRAINING, RECONVERSION, AND READJUSTMENT ASSISTANCE

INTRODUCTION

CONCERN over the impact of technological and structural change and the tendency of these to give rise to what is usually referred to in Europe as a problem of redundancy has led to the development of various types of policies. In recent years these policies are to: Alert the public employment service to a situation of impending labor displacement, encourage the retraining of workers threatened with labor displacement, encourage modernization and reconversion of firms so that they may maintain employment through various forms of government assistance, and provide special types of readjustment assistance to displaced workers. An extensive program of readjustment assistance has been carried out within the European Coal and Steel Community, with the costs shared by the intergovernmental agency and the national governments concerned. Similarly, in recent years, retraining and readjustment assistance in the Common Market have been partially financed by the European Social Fund to which the six member nations of the European Economic Community (EEC) contribute. The availability of funds from these two intergovernmental sources has also played a role in encouraging national governments in the Common Market area to enact legislation specifically designed to provide readjustment assistance to displaced workers.

The policies to be considered in the present chapter should be of special interest in the United States, where the problem of redundancy has been far more serious than in Europe.

ALERTING THE PUBLIC EMPLOYMENT SERVICE

Probably the best known of the European arrangements for alerting the public employment service to an impending layoff is the Swedish "early warning" system. This is a voluntary arrangement under which employers' associations have entered into agreements with the National Labor Market Board to give advance notice of impending layoffs or closing down of all or part of their operations. The agreements cover a major part of the private sector, and there are corresponding official policies in the public sector. However, municipal corporations and authorities, as well as parts of the private sector, are uncovered.¹

Swedish officials consider that the system has worked well. As might be

expected, the number of workers affected by layoffs or shortened workweeks of which the Labor Market Board was notified in advance was substantially larger in the recession year of 1958 than in subsequent years, as data in the tabulation below show:² In January 1963, a special Bureau for Industrial Employment was established within the Labor Market Board to administer the system. Legislation which would make the system compulsory has been introduced in the Swedish Parliament but has not been enacted.

Among the various decrees on employment policy enacted in Belgium in 1961 was a provision under which firms contemplating conversion must submit to the National Office of Employment, 3 months in advance, detailed information on the purpose, nature, and cost of the reconversion plan and on the number of employees to be retained, temporarily suspended, or permanently dismissed, as well as a statement with respect to needs for retraining and the costs that would be associated with it. The measure also provides for maintaining the compensation of workers who are suspended

| Number of workers affected | | | | |
|----------------------------|-------------------|--------|------------------------------|-----------------------|
| Year | Number of notices | Total | Unemployed through dismissal | On shortened workweek |
| 1958..... | 800 | 42,300 | 26,800 | 15,500 |
| 1959..... | 270 | 12,600 | 8,900 | 3,700 |
| 1960..... | 150 | 7,650 | 6,700 | 950 |
| 1961..... | 210 | 9,400 | 8,300 | 1,100 |
| 1962..... | 225 | 10,500 | 10,000 | 500 |

¹ National Labor Market Board, *Swedish Labour Market Policy*, Memorandum (Stockholm: mimeographed, 1962), pp. 4-5.

² Labor Market Board Information Service, *AMS-Kontakt: Information för arbetsmarknadsverkets personal*, No. 1, Jan. 15, 1964 (Stockholm), p. 6.

or temporarily placed on part-time work at a level of 90 percent of their former earnings for a period of 6 months, with the government and the employer sharing these payments on a 50-50 basis.³

In West Germany, employers are required to notify the public employment service within 3 days of any dismissal of employees. There are also laws affecting dismissal procedures in France. In Belgium, advance notice to workers of their impending dismissal is required under a national collective agreement of 1958.⁴ In Britain, numerous provisions are made for advance notice to workers and severance pay under collective bargaining agreements. There has also been a good deal of controversy in Britain recently over a proposal for legislation requiring severance pay, but both employer and labor organizations have objections to various aspects of the proposal. Detailed discussion of these legal or collective bargaining provisions would, however, take us too far afield.

RETRAINING AND RECONVERSION

As already suggested, Belgium has legislation under which subsidized training in industry may be provided in new or expanding establishments and in firms undergoing modernization or reconversion. The provisions, like

those calling for advance notice of re-conversion plans, were embodied in the series of decrees adopted early in 1961. They call for a procedure under which the National Office of Employment will enter into agreements with employers for the in-firm training of workers recruited in connection with the creation, extension, or conversion of a particular firm. The employment service may also provide assistance in the selection of workers and compensation for moving expenses.

In practice, applications have been chiefly for assistance in connection with training rather than in relation to selection or moving expenses. In most cases short-term training for semi-skilled workers has been involved, much of it apparently on the job and lasting, on the average, about 40 days. Because of the difficulty of determining the relative time devoted to training and production, the National Office of Employment adopted a policy of fixing the Government contribution arbitrarily at 25 percent of the cost of compensation and social charges (fringe benefits) for the trainee during the training period. The rate of compensation may be higher, however, when the firm will have a substantial impact on employment at either the regional or national level.⁵ Moreover, if the trainees are 50 to 55 years old, have been employed by the firm, and are being transferred to a new unit of production, the rate of subsidy is 35 percent, while in the case of newly recruited workers in this age bracket the subsidy is 40 percent. The correspond-

³ Ministry of Employment and Labor, *La politique de l'emploi* (Brussels: Imprimerie Clarence Denis, 1961).

⁴ "Redundancy Abroad," *Ministry of Labour Gazette*, LXXI, April 1963, p. 148.

⁵ National Office of Employment, *Rapport Annuel, 1962* (Brussels: 1963), pp. 67-74.

ing rates for workers aged 55 or more are 45 and 50 percent. These higher subsidies are designed to make up for the fact that the return from the firm's training costs will be limited to a shorter work-life expectancy in the case of older workers. Furthermore, subsidy rates will be raised 10 percent if the firm is being established in an economic development zone.

Among the industries represented by firms applying for subsidies in 1962 were the textile, plastics, metal products, nuclear energy, and electronics industries. A total of 57 applications had been submitted by the end of that year, of which 18 had been turned down or filed without decision, 13 had received final approval, and 26 were still being processed. In some cases, employees, including older workers, were being transferred to new units of production in reconverting firms, although the majority of applications were from firms undertaking expansion or establishing a new branch plant rather than from firms undergoing reconversion. The special subsidy arrangements had thus far had very little effect in inducing the hiring of older workers.

From what sources do these firms recruit their workers in Belgium's increasingly tight labor market? The case of a new branch plant of the Ford Motor Co. in Ghent, about which I was told when I was in Brussels early in 1964, is probably fairly typical of firms establishing in Flanders, where much of the foreign investment in Belgium is taking place. The Ford workers were recruited partly from agriculture, partly from foreign countries, and partly from groups of Belgian workers



who formerly commuted over the frontier to work in Holland.

Although Belgian officials recognize that training subsidies would not be likely to be an important element in a decision of a foreign company to invest in Belgium, they are regarded as one element in an array of locational factors.

In France, subsidized retraining in industry has been carried out under the provisions of a decree of December 6, 1954, which established a Manpower Redistribution Fund to facilitate the occupational rehabilitation and redistribution of workers affected by the closing or reconversion of a firm or by a merger. An Industrial Conversion Fund providing for loans and other types of assistance to such firms had been established several months earlier. The Manpower Redistribution Fund may be used to provide assistance not only to firms retraining employees affected by reconversion, closing, etc., but also to firms which agree to undertake the retraining of workers who have been dismissed or laid off from other firms. Assistance may likewise be provided to special training centers established under the decree of 1946 and discussed in chapter 3. Moreover, the fund may provide relocation allowances for

workers moving out of areas where job opportunities are poor.⁶

Under policies currently in effect, the subsidy covers part or all of the wages of instructors and workers, including social charges, for a training period of 3 weeks to 6 months. It also covers all or part of the cost of equipment. Just what proportion the public agency pays is determined by agreement with the individual firm. The fund also pays in full the cost of training instructors (1-week educational briefing courses are organized for skilled workers qualified to serve as instructors at the National Vocational Training Institute in Paris), the cost of selection tests, and the cost of technical and financial control. The program is administered by the Ministry of Labor and Social Security and the Ministry of Finance, Economic Affairs, and Planning.

It has been difficult to obtain precise information on the experience under these provisions. Although financed by the Manpower Redistribution Fund, the retraining activities were largely carried out in cooperation with the National Development Directorate in the Ministry of Reconstruction and Town Planning, which has administered the National Economic Development Fund. Early cases of retraining involved firms in the clothing industry (e.g., hat or hosiery factories) which were converting to totally different types of production, such as plastics.⁷ During 1956, nearly 3,000 workers were reported to have been retrained through the Manpower Redistribution

Fund.⁸ Indirect evidence that the number of workers retrained under these provisions may have increased substantially over the years is suggested by the fact that the number retrained under publicly sponsored or subsidized facilities other than the Government training centers increased from about 4,000 in 1957 to nearly 19,000 in 1962, but these figures include training in publicly-owned enterprises such as Renault, and retraining of the disabled under varied auspices, as well as subsidized training in firms.⁹

Under the French procedures, the initiative for an employer-sponsored retraining program in an establishment undergoing reconversion must come from the firm, but unions representing workers in individual firms may exert pressure on employers through the *Comités d'entreprises*, which are obligatory in French industry and include representatives of the employers and the workers. However, union officials whom I interviewed in Paris early in 1964 complained that there were a good many instances in which firms undergoing reconversion or other types of changes were dismissing workers without providing opportunities for retraining. In a speech in June 1963, M. Laurent, the director-general of Labor and Manpower, expressed the opinion that some tens of thousands of workers were being affected in France each year by modifications of technology which gave rise to collective

⁶ *Industry and Labour*, XIII, Mar. 1, 1955, pp. 203-206.

⁷ *Industry and Labour*, XII, Oct. 1, 1954, pp. 331-332.

⁸ *Industry and Labour*, XX, Nov. 15, 1958, pp. 368-377.

⁹ See E. Rossignol, *The Vocational Training of Adults*, reprinted from *International Labour Review*, October 1957, p. 20, and *Revue Française du Travail*, XVII, January-March 1963, pp. 73-79.

dismissals and that in many of these cases certain categories of workers were dismissed, while others considered more adaptable to the new needs were hired.¹⁰ It was this type of concern which led to the enactment of the law establishing the National Employment Fund in December 1963. Since this fund appears likely to be used chiefly in situations in which large-scale dismissals of workers have actually occurred, and where subsidized retraining within a firm is not feasible, it will be considered in the next section.

In Italy, provisions for subsidized retraining by large firms have been included since 1949. Firms employing more than 1,000 workers may be authorized to provide such training for skilled workers under 45 years of age. The courses must be from 3 to 8 months in duration and must be given on premises other than those used for the normal activity of the firm. Trainees receive a wage supplement of two-thirds of their weekly wages as well as a daily allowance of 200 lire. State financial assistance is limited to 50 percent of training allowances plus the end-of-course bonus. The firms must pay the cost of operating and equipping the courses.¹¹ According to the provisions of the 1949 act, such courses could be inaugurated if the firm's skilled workers did not fulfill the requirements of the undertaking or if the firm had an excess of manpower. At the end of the courses, the unsuccessful trainees were to be dismissed and the successful trainees to be absorbed as far

as possible by the enterprise. It was also provided that two or more firms might request permission to start joint courses.¹²

In Sweden, the question as to whether, apart from localization areas, retraining should be provided in firms for workers threatened with displacement is a matter of controversy. In 1958 and 1959, arrangements were made with certain companies for retraining of personnel who would otherwise have been redundant. They involved firms in the mining, sawmill, clothing, and engineering industries in which there were impending or threatened layoffs. The firms paid the costs of instruction, and usually, also, 1 SKr (19 cents) an hour to the trainees, while the county labor board provided the usual training allowances.¹³ As indicated in chapter 4, however, officials of the Labor Market Board whom I interviewed in the fall of 1963 informed me that subsidized retraining in industry was confined to firms settling in localization areas. Objections of employer groups have evidently been responsible for forestalling any broader application of such policies. A representative of the Swedish Employers' Confederation whom I interviewed informed me that the employers objected to subsidized retraining of employed workers, since this might create an opportunity for the Labor Market Board to exercise an influence on which workers were retrained and which dismissed in situations of threatened labor displacement, and thus interfere with the employer's freedom to decide on the

¹⁰ "Les aspects nouveau de la politique de l'emploi," *Revue Française du Travail*, XVII, April-June 1963, pp. 13-14.

¹¹ *Ministry of Labour Gazette*, LXXI, May 1963, p. 200.

¹² International Labour Office, *Legislative Series*, 1949—Italy, 2-A, p. 19 (Geneva).

¹³ *Swedish Labour Market Policy*, op. cit., pp. 14-15.

dismissal of certain categories of workers.¹⁴ Union representatives, on the other hand, advocate the extension of subsidized retraining in such situations and, more generally, suggest that it might be desirable to extend eligibility for training allowances to persons who are not unemployed but wish to learn a new trade.¹⁵

Under the impact of technological change, increasing emphasis on policies designed to bring about the retraining of workers threatened with displacement is highly likely. To the extent that publicly provided subsidies can be successfully used as an inducement to encourage employers to retrain workers who might otherwise be displaced, the total social costs are likely to be lower than under policies which confine public retraining facilities to workers who have already lost their jobs. But, as the Swedish situation illustrates, management is likely to attach great importance to preventing any encroachment on its right to control the composition of its work force. The French

approach of leaving the initiative to the employer to come forward with a proposal for retraining, with the union exerting its influence through collective bargaining to see that this is done, might be more acceptable to American employers than a policy which would give public agencies power to intervene in situations of threatened labor displacement. But the question of whether and to what extent an early warning system might be developed is closely related. In both Sweden and West Germany a number of successful attacks have been made on problems of labor displacement in local communities, involving cooperation between the public employment service, employers, and other community agencies. The fact that in both of these countries the public employment service appears to have been particularly successful in developing a cooperative relationship with employers plays an important role, along with the early warning system in Sweden, in increasing the likelihood that the public agency will be apprised of a situation of labor displacement well in advance and can begin negotiations aimed at bringing new firms into the community and retraining displaced workers for jobs in these firms.

¹⁴ See, also, the report by Gunnar Lindström of the Swedish Employers' Confederation to the OECD Employers' Seminar, Apr. 14-17, 1964, which states (p. 18) that the idea of extending removal and retraining grants to persons in full employment has been canvassed but has been strongly opposed by the employers' side.

¹⁵ These points were made by Dr. Rudolf Meidner of the Swedish Confederation of Trade Unions and other union representatives at a seminar which Meidner organized for my husband and me in Stockholm in September 1963. See, also, T. L. Johnston, ed. and trans., *Economic Expansion and Structural Change: A Trade Union Manifesto*, report submitted to the 16th Congress of the Swedish Confederation of Trade Unions (London: Allen and Unwin, 1963), p. 126.

THE FRENCH NATIONAL EMPLOYMENT FUND

The French law of December 18, 1963, creating the National Employment Fund is one of the most interesting steps taken as yet by a European

government to create a legislative framework for providing adjustment assistance to workers involved in large-scale dismissals. Its interest lies particularly in its attempt to provide for collaboration among Government agencies, employers, unions, and the collectively bargained unemployment insurance system (UNEDIC) in meeting such situations in local communities and in sharing the costs involved. Undoubtedly the French Government was partly influenced in adopting such legislation by the knowledge that a portion of the costs could be met from the European Social Fund. The same comment might be made about certain features of the Belgian employment law of 1961. Quite possibly, other Common Market countries will consider enactment of special legislation to meet problems of redundancy, and, as we have seen, such legislation has been proposed in Britain. However, it must be recognized that in the absence of a public unemployment insurance system in France, and in view of the rather meager benefits provided by UNEDIC, the need for special types of income maintenance payments for displaced workers was more acute than in, say, West Germany, which has a relatively liberal public unemployment insurance system.

The law provided for two main types of benefits for displaced workers.¹⁶ The first type, to be provided entirely from public funds, would include: (a) Conversion allowances for displaced workers and young people completing military service who followed a course

of vocational training and (b) relocation allowances, mentioned in the previous chapter, for workers moving from labor-surplus areas to areas with manpower deficiencies. It was anticipated that the conversion allowances to workers undergoing retraining would supplement the regular training allowances, discussed in chapter 4. Another interesting feature of the new program was to be the assembling of mobile teams of instructors who would be sent to areas experiencing large-scale dismissals of workers to organize accelerated retraining programs.

The second type of benefit contemplated by the new law could be provided, in areas suffering from serious labor displacement, through "agreements concluded with occupational or interoccupational organisms, unions, or firms." These benefits would consist of: (a) Temporary allowances for workers who could not benefit from retraining and could be employed only in jobs involving occupational downgrading, and (b) special allowances for certain categories of workers over 60 years old, when it had been determined that they were not likely to benefit from readjustment measures.

During the course of discussions preceding enactment of the legislation, the reference to interoccupational organisms was correctly interpreted by UNEDIC as referring to its system. The organization immediately objected to the proposed provision, on the ground that it constituted a threat to the freedom of action of the system and an improper appropriation of private funds for public purposes. As a result of these objections, the wording of the law was changed to specify that the contemplated benefits "will be able

¹⁶ "Loi du 18 décembre 1963 relative au Fonds National de l'Emploi," *Revue Française du Travail*, XVII, October-December 1963, pp. 1-8.

to be" (*pourront*) rather than "will have to be" (*devront*) provided through agreements.¹⁷

The initial budgetary credit established for the new fund, which was to be administered by the Ministry of Labor with the advice of a consultative committee, was 24 million Fr for a 2-year period. It was clearly contemplated, however, that these funds would be augmented by sums made available through agreements with private organizations and from the European Social Fund.

Immediately after the enactment of the legislation, the Government was confronted with a local employment crisis resulting from large-scale dismissals of shipyard workers in Saint-Nazaire, with secondary effects on employment in metallurgical and other firms in the area.¹⁸ In January 1964, a work group representing a number of government departments, including the Ministry of Labor, was organized to study the problems of Saint-Nazaire and Nantes. Efforts were made to obtain new orders for the shipyards, to initiate public works projects, and to attract new industries to the area. By the first of May, these efforts had brought significant results assuring the

reclassement (reclassification of the worker to his original status) of 700 of the affected workers. Apparently neither retraining nor relocation was involved in any substantial number of cases.

It should be noted here that these efforts, given the age and qualifications of the dismissed shipyard workers, have had only slight effect as yet.¹⁹

Negotiations were also undertaken for agreements providing for special allowances for dismissed workers 60 to 65 years old who were considered not susceptible to effective *reclassement*. By June, one agreement had been concluded and two others were in the course of negotiation, under which a total of 800 older workers in Saint-Nazaire and Nantes would benefit from the special allowances. The allowances were to vary from 70 to 95 percent of the individual's previous earnings, depending on the size of the financial contribution of the employer and the occupational category of the worker. Provision was also to be made to continue the contributions on behalf of these workers to pension plans, so that they would receive the same pensions at age 65 for which they would have qualified in the absence of the dismissals. However, the most interesting aspect of these arrangements was the combination of sources from which they were to be derived: (a) 35 percent of the base wage from UNEDIC, (b) an unemployment allowance from the public unemployment assistance system, but without application of the usual means test and

¹⁷ See Frederic Meyers, "The Role of Collective Bargaining in France: Two Aspects," to be published in *Sociologie du Travail*. See, also, excerpts from the statement of the Minister of Labor in the National Assembly during the debate on the National Employment Fund in *Revue Française du Travail*, XVII, October-December 1963, pp. 9-13.

¹⁸ L'action du Fonds National de l'Emploi dans la crise de l'emploi survenue à Saint-Nazaire," *Revue Française du Travail*, XIX, April-June 1964, pp. 71-75.

¹⁹ *Ibid.*, p. 72.

certain other requirements, (c) a contribution from the National Employment Fund, and (d) a contribution from the employer, except in the cases of firms in financial difficulties. It was estimated that 40 percent of the total cost of the benefits, including the contributions to pension plans, would be met from the National Employment Fund.

Negotiations for temporary income allowances for workers who had to take lower paid employment apparently did not fare so well. On July 28, 1964, UNEDIC addressed a communication to the National Employment Fund vigorously protesting the efforts of the Government to get it to contribute to such allowances for 75 former employees of Les Chantiers de l'Atlantique, the leading firm involved in the Saint-Nazaire dismissals.²⁰ It pointed out that such payments were analogous to compensation for partial unemployment, which it had thus far resisted, and might encourage "certain abuses in the matter of the level of remuneration, if not actual collusion between employers and employees to justify the payment of these aids."

Thus far I have not been able to obtain any information on the outcome of these negotiations. However, the concluding paragraphs—evidently reflecting the views of the Ministry of Labor—in the report published in the *Revue Française du Travail* (April-June 1964) on the Saint-Nazaire negotiations are of considerable interest.

Thus the first agreement concluded within the framework of the National Employment Fund

has assured workers aged more than 60 years (whose reclassification was not possible) sufficient resources to attain the age of 65 years. If this agreement conforms well to one of the objectives of this law, one must not ignore the risks of the precedent which it sets.

It is to be feared . . . that under the double pressure of unions and employers, the . . . Fund may be influenced more and more to bring about the early retirement of workers aged more than 60 years.

Such a policy, if it were not strictly limited, either to regions which suffer from employment disequilibrium, or to certain occupations in serious difficulties, would be contrary to the policy defined by the Government for the employment of older persons. . . .

It is because of the special features of the employment situation in the zone of Saint-Nazaire that the . . . Fund has taken on a rather negative aspect through its agreement on early retirement. But one must not forget that the . . . Fund is above all a system of aid and encouragement for training and adaptation for jobs, for geographical and occupational mobility. This is why in spite of all the social interest of this first agreement, the . . . Fund intends to pursue its activities toward other agreements to encourage the reclassification of workers or to assure their training. . . .²¹

²⁰ UNEDIC communication of July 28, 1964 to the National Employment Fund.

²¹ "L'action du Fonds . . ." op. cit., p. 75.

THE EUROPEAN SOCIAL FUND

Articles 123 to 128 of the treaty establishing the European Economic Community provided for the European Social Fund, which was to "have the task of promoting within the community employment facilities and the geographical and occupational mobility of workers."²² At the request of a member country, the fund was to be used to cover 50 percent of public expenses incurred by that country for: (1) Occupational retraining, (2) resettlement allowances, and (3) aids for the benefit of workers "whose employment is temporarily reduced or wholly or partly suspended as a result of the conversion of their enterprise to other productions, in order that they may maintain the same wage level pending their full re-employment."²³

The fund was largely intended to mitigate the effects of the dislocation of industry resulting from the Common Market, much as the adjustment assistance provisions of the U.S. Trade Expansion Act of 1962 were designed to mitigate any adverse effects of tariff reductions. It was aimed not only at promoting occupational and geographical mobility within each member country but also among the member nations. Thus it was consistent with the aims of other articles of the Rome Treaty which provided for the gradual

²² Treaty of Rome, March 1957, establishing the European Economic Community, article 123 (hereafter referred to as EEC Treaty).

²³ Ibid., article 125.

Retraining in Western Europe

removal of restrictions on international migration within the EEC.²⁴

So far as retraining was concerned, assistance toward the cost was to be "conditioned upon the impossibility of employing the unemployed workers otherwise than in a new occupation and upon their having been in productive employment for a period of at least 6 months in the occupation for which they have been retrained."²⁵ These requirements were later spelled out in more detail in regulation 9 of the council of the EEC, adopted August 25, 1960, and amended (slightly) in 1963.²⁶ Retraining and resettlement assistance was to be limited to unemployed workers. An unemployed worker was defined in article 2 of regulation 9 as "any person of at least 16 years of age who is registered at an official employment exchange as seeking employment and who is neither self-employed nor earning a wage."²⁷ A wage earner or self-employed person "in a state of prolonged underemploy-

²⁴ For an extensive study of international migration within the Common Market, see Leo Spier, *Labor Mobility in the European Economic Community* (Seattle, Wash.: unpublished doctoral dissertation, University of Washington, 1963). See, also, "Free Movement of Workers Within the European Economic Community," *International Labour Review*, LXXXV, February 1962, pp. 167-173.

²⁵ EEC Treaty, article 125.

²⁶ European Economic Community, Commission, *Comité du Fonds Social Européen, Texte du règlement no. 9 du Conseil concernant le Fonds Social Européen, applicable à partir du 30 juin 1963 suite à l'entrée en vigueur du règlement no. 47/63/CEE du Conseil portant modification du règlement no. 9*, CFS/Inf./63, Doc. no. 4-F (Brussels: mimeographed, 1963).

²⁷ Workers under 18 years old had to be registered for 3 consecutive months.

ment" who was "registered at an official employment exchange as seeking full-time employment," or a worker affected by a reconversion who was in need of retraining could also be regarded as unemployed. These definitions would appear to include persons who had voluntarily left a job or could be referred to a job without retraining. But article 4 goes on to specify that assistance toward "the occupational training of unemployed workers may not be granted unless . . . they have not been able to obtain employment in an activity similar to or on the same level as the activity previously engaged in, or corresponding to their normal opportunities for work if they had not already engaged in a wage-earning activity."

Under these provisions, a good many workers who would be eligible for retraining, particularly under French and Belgian provisions, would not meet these requirements affecting reimbursement. This helps to explain why the number of trainees (table 23) for whom reimbursement (of 50 percent of the expenses) was received in these two countries was smaller than would have been expected on the basis of the data in tables 8 and 9. Some dissatisfaction has been expressed over this in Belgium and France.²⁸ However, the provisions of the treaty and regulation 9 were drawn up at a time when Italy still had a serious unemployment problem and was expected to be a major net beneficiary of the fund.

²⁸ Actually, the Belgian law liberalizing eligibility conditions for retraining was not adopted until March 1961, whereas the reimbursement data in table 23 apply chiefly to retraining and resettlement in 1958, 1959, and 1960.

Under these circumstances, the other member countries were anxious to impose a limitation on the fund's potential liabilities for training activities in Italy by prohibiting reimbursement for trainees who were not involuntarily unemployed and by specifying a minimum age limit.

The fund did not begin operating until 1961 and made its first reimbursements in 1962, for retraining and resettlement expenses incurred in 1958 and 1959 (table 23). Reimbursements made in 1963 applied to expenditures incurred in 1960 and 1961. No reimbursements were made for adjustment assistance to workers involved in reconversion in either 1962 or 1963, but the report of the commission for 1962-63 indicated that applications were pending for reimbursement in the amount of 228,000 u.a. (a unit of account equivalent to a U.S. dollar) for such expenditures.²⁹

Although, for the most part, the EEC commission merely acts on applications for reimbursement from member countries, it becomes more actively involved in situations in which workers are to be trained for work in another country. Soon after the Social Fund began its operations, the commission undertook responsibility for implementation of a program under which 10,000 Italian workers were to be trained for employment in West Germany and the Netherlands.³⁰ The

²⁹ European Economic Community, Commission, *Sixth General Report on the Activities of the Community, May 1, 1962-March 31, 1963* (Brussels: 1963), p. 178.

³⁰ European Economic Community, Commission, *Fourth General Report on the Activities of the Community, May 16, 1960-April 30, 1961* (Brussels: 1962), p. 158.

TABLE 23.—REIMBURSEMENTS UNDER THE EUROPEAN SOCIAL FUND AND NUMBER OF WORKERS INVOLVED, BY COUNTRY, 1962 AND 1963

| Country | 1962 | | | 1963 | | |
|------------------------------------|--|---------------------------|---------------------------|--|---------------------------|---------------------------|
| | Amounts refunded (in thousands of u.a.) ¹ | Number of workers | | Amounts refunded (in thousands of u.a.) ¹ | Number of workers | |
| | | Re- trained 1958-59 | Re- settled 1958-59 | | Re- trained 1960-61 | Re- settled 1960-61 |
| Total..... | 12, 291. 8 | 103, 300 | 79, 200 | 7, 561. 5 | 44, 771 | 35, 740 |
| Belgium..... | 461. 4 | 1, 400 | ..... | 350. 5 | 994 | ..... |
| France..... | 4, 624. 6 | 9, 700 | ..... | 2, 602. 4 | 5, 304 | ..... |
| Germany (Federal Republic)..... | 1, 999. 9 | 19, 700 | ..... | 1, 733. 3 | 18, 528 | ² 35, 740 |
| Italy..... | 3, 733. 2 | 69, 000 | 79, 200 | 2, 134. 4 | 18, 929 | ..... |
| Luxemburg..... | ..... | ..... | ..... | ..... | ..... | ..... |
| The Netherlands..... | 1, 472. 6 | 3, 500 | ..... | 740. 9 | 1, 016 | ..... |

¹ A unit of account (u.a.) is equivalent to a U.S. dollar.

² Italian workers resettled in West Germany.

NOTE: Because of rounding, sums of individual items may not equal totals.

SOURCE: European Economic Community, Commission, *Sixth General Report on the Activities of the Community, May 1, 1962–March 31, 1963* (Brussels: 1963), p. 178; and *Revue Française du Travail*, XVIII, January–March 1964, p. 69.

workers were selected and given an initial period of training in Italy, in both the trade in which they were to be employed and the language of the country of their destination. This was followed by a period of training provided by the employers who hired them in West Germany and the Netherlands. The costs were shared by the countries concerned and the European Social Fund.

Interestingly, however, the total number of Italian workers admitted to training under this program fell considerably short of the goal, and the final number who emigrated was apparently less than half of the number accepted for training. Data supplied to me by the Italian Ministry of Labor

related only to those who were to be trained for emigration to West Germany.³¹ Although the goal was to train 9,000 workers for West Germany, only 5,580 were admitted to training. The great majority were to be trained for the construction industry, while the others were to be trained for the metallurgical, transport, and hotel industries. Of those admitted to training, about seven-tenths passed the examinations (which were observed by German officials), and about four-tenths, or perhaps slightly more, actually emigrated. Final figures on the number of emigres were not available

³¹ The data were given to me by the director of vocational training, at an interview in November 1963.

for some of the training groups when I was in Rome.

Although I was not given a detailed explanation of the reasons why the number who actually emigrated fell so far short of the goal, it would appear that the chief factor was the falling unemployment rate in Italy in 1961, when the program was launched (see table 1) and the growing shortages of skilled workers in northern Italy. It was becoming increasingly difficult to recruit Italian workers for emigration to other parts of Western Europe in the early 1960's, and countries with labor shortages were turning to such countries as Greece, Spain, and Turkey as sources of labor supply. Moreover, it is likely that many of the Italian workers who completed training under this program found that they could get jobs in Italy very easily and therefore gave up the idea of emigrating. Thus, although EEC officials informed me that efforts would be made to carry out additional projects of this kind in the future,³² it may well become necessary to recruit the workers to be trained in countries other than Italy.

READJUSTMENT IN THE EUROPEAN COAL AND STEEL COMMUNITY

Although somewhat similar in purpose to the program of the European Social Fund, readjustment assistance in the European Coal and Steel Com-

munity (ECSC) is more narrowly directed toward the problem of readjustment and reemployment of coal and steel workers displaced as a result of rationalization programs, technological changes in mining, modernization of plants, and similar developments.³³ Moreover, instead of waiting passively for applications for reimbursement from member countries, the High Authority of the ECSC enters into negotiations with member countries for the conclusion of agreements relating to programs of readjustment assistance for groups of displaced workers or those about to be displaced.

Under the initial provisions of article 56 of the treaty establishing the ECSC, nonrepayable assistance could be provided for the following purposes: (1) Compensation to displaced workers until they could obtain new employment, (2) grants to firms for the purpose of maintaining wages of workers experiencing temporary unemployment because of a change in the firm's activities, (3) the payment of resettlement allowances to displaced workers to enable them to move to areas where they could obtain employment, and (4) the costs of vocational retraining.³⁴

³³ For an informative discussion of the ECSC program, see the statement of Kurt Braun on "Labor Market Policies of the European Coal and Steel Community," in *Lessons from Foreign Labor Market Policies*, vol. 4 of *Selected Readings on Employment and Manpower*, Subcommittee on Employment and Manpower, Committee on Labor and Public Welfare, U.S. Senate, 88th Cong., 2d sess. (Washington, D.C.: U.S. Government Printing Office, 1964), pp. 1401-1409.

³⁴ European Coal and Steel Community, High Authority, *Second General Report on the Activities of the Community, 1953-1954* (Luxemburg: 1954), p. 165.

³² Interviews with Hienz Henze, in charge of the free circulation of people under the manpower division of EEC, and other EEC officials, January 1964.

The member country was to be responsible for 50 percent of the costs unless a special exception was authorized.

An early and much publicized agreement negotiated with the French Government in 1953 was designed to bring about the removal of 5,000 coal miners from the Centre-Midi region of south-central France to the Lorraine collieries. Workers were to receive resettlement compensation and moving expenses. For a variety of reasons, including the reluctance of many workers to move, the number actually resettled under this arrangement fell far short of the anticipated 5,000.³⁵ A special factor discouraging geographical mobility in this case was the problem of cultural and language differences between the two areas involved. French workers who did move to Lorraine found it difficult to adjust to an area in which the workers were largely German-speaking and had different patterns of leisure-time activities from the in-migrants. As a result, a number of them moved back to the Centre-Midi, and their descriptions of the Lorraine area tended to discourage other workers from moving. This episode, as well as later experiences with situations in which workers were reluctant to move, undoubtedly had much to do with a gradual change in policies of the ECSC, away from any substantial emphasis on resettlement, and toward a growing concern with promoting regional economic develop-

ment. This shift, of course, parallels a shift that was taking place in the member countries, discussed in the previous chapter.

Probably more typical of many of the later arrangements was an agreement negotiated with the French Government about 2 years later, relating to about 1,800 workers who were to be affected by closing-down operations in 5 French iron and steel firms. The workers were to be entitled to tide-over payments for a period of 12 months, receiving amounts which were to be reduced by stages from 80 percent of previous wages in the first 4 months to 40-55 percent in the last 4 months. Resettlement allowances were to be granted in appropriate cases, while workers accepting other employment or attending vocational training courses were to continue to receive a wage equal to the first month's tide-over allowance up to one year after their dismissal or for the duration of the vocational training course.³⁶

From June 1956 on, ECSC policies governing compensation during the tide-over period were as follows:

(1) those remaining unemployed would receive an allowance of 100 percent of previous wages in the first 4 months, 80 percent for the next 4 months, and 60 percent for the last 4 months;

(2) those who were to be re-employed at a lower wage or to undergo retraining were to receive an allowance guaranteeing the net wage previously earned for

³⁵ For a detailed report on a large-scale research project relating to this experience, see "Modernisation des mines, conversion des mineurs," *Revue Française du Travail*, XVI, July-September 1962, pp. 1-201.

³⁶ *Fourth General Report . . . , 1955-1956*, p. 217.

12 months, in the form of a differential where appropriate.³⁷

The original provisions of article 56 of the treaty were transitional and were to become inoperative on February 10, 1960. Experience indicated, however, that the need for readaptation provisions would continue for a much longer period, and a revised draft of article 56 was adopted in March 1960, as follows:

Should changes in the marketing conditions of the coal-mining or iron and steel industry make it necessary for certain enterprises permanently to discontinue, curtail or change their activities, the High Authority

a) may facilitate the financing of industries under its jurisdiction, or, with the agreement of the Council, in any other industry, of such programs as it may approve for the conversion of enterprises, which are capable of assuring productive re-employment to workers rendered redundant;

b) may grant nonrepayable assistance as a contribution to:— payment of compensation to tide workers over until they can obtain new employment,—enable enterprises to pay their personnel during temporary stand-offs necessitated by the change in their activities,—the granting of resettlement allowances to the workers,—the financing of technical retraining for workers who are obliged to change their employment.

The granting of nonrepayable assistance shall be conditioned upon the payment by the interested State of a special contribution at least equal to the amount of such assistance, unless an exception is authorized by a two-thirds majority of the Council.³⁸

The major change in the revised version was in paragraph (a), which was clearly designed to make it possible for the ECSC to provide loans or other types of financial assistance to firms locating in areas where coal and steel workers were being displaced. Such assistance presumably might or might not be associated with a regional economic development program.

In the first 6 years of operation of the program, and also in the more recent period from 1960 to early 1963, West Germany received the largest amounts of assistance (table 24). This reflected the impact of rationalization and modernization programs, particularly in the German coal mining industry, but did not mean that there was a difficult problem of unemployment among displaced coal miners. Most of those losing their jobs found other jobs quite promptly, while many were transferred to other pits owned by the same enterprise. Displaced workers in Belgium, France, and Italy also were reported in the early 1960's to be achieving reemployment without long delays, although the problem of displaced miners in the Centre-Midi area of France continued to create difficulties, and tide-over allowances for these workers were made payable for

³⁷ *Sixth General Report . . . , 1957-1958*, p. 187.

³⁸ *Eighth General Report . . . , 1959-1960*, p. 293.

TABLE 24.—NUMBER OF WORKERS AFFECTED AND AMOUNTS AUTHORIZED FOR EXPENDITURE BY THE EUROPEAN COAL AND STEEL COMMUNITY UNDER AGREEMENTS WITH MEMBER COUNTRIES FOR READJUSTMENT ASSISTANCE, SELECTED PERIODS, 1954-63

| Country | Total | | Coal mining industry | | Iron ore mining | | Iron and steel industry | |
|---------------------------------|-------------------|---|----------------------|---|-------------------|---|-------------------------|---|
| | Number of workers | Amount (thousands of u.a.) ¹ | Number of workers | Amount (thousands of u.a.) ¹ | Number of workers | Amount (thousands of u.a.) ¹ | Number of workers | Amount (thousands of u.a.) ¹ |
| <i>1954-60</i> ² | | | | | | | | |
| Total..... | 115, 085 | 42, 518 | 95, 285 | 31, 536 | 500 | 106 | 19, 300 | 10, 876 |
| Belgium..... | 28, 900 | 10, 560 | 28, 900 | 10, 560 | ..... | ..... | ..... | ..... |
| France..... | 11, 905 | 2, 512 | 6, 655 | 1, 551 | 250 | 47 | 5, 000 | 914 |
| Germany (Federal Republic)..... | 55, 100 | 17, 346 | 54, 200 | 17, 061 | 250 | 59 | 650 | 226 |
| Italy..... | 19, 180 | 12, 100 | 5, 530 | 2, 364 | ..... | ..... | 13, 650 | 9, 736 |
| <i>1960-63</i> ³ | | | | | | | | |
| Total..... | 42, 156 | 11, 170 | 33, 789 | 9, 313 | 4, 534 | 1, 028 | 3, 833 | 829 |
| Belgium..... | 12, 145 | 2, 448 | 12, 010 | 2, 363 | ..... | ..... | 135 | 85 |
| France..... | 6, 944 | 3, 692 | 4, 455 | 2, 845 | 847 | 362 | 1, 642 | 485 |
| Germany (Federal Republic)..... | 23, 067 | 5, 030 | 17, 324 | 4, 105 | 3, 687 | 666 | 2, 056 | 259 |

¹ A unit of account (u.a.) is equivalent to a U.S. dollar.

² March 1954 to February 1963.

³ February 1960 through January 1963.

SOURCE: European Coal and Steel Community, High Authority,

Ninth General Report of the Activities of the Community, 1960-1961 (Luxembourg: 1961), p. 274; and *Eleventh General Report on the Activities of the Community, 1962-1963* (Luxembourg: 1963), p. 448.

2 years.³⁹ The problem of displaced coal miners in the Belgian Borinage would have been far more difficult from 1958 on, I was told by Belgian officials, had it not been for the decline in unemployment occurring in the country generally. As it was, some of the Italian workers who had been employed in the Belgian mines went back to Italy, and some of the older displaced miners either retired under early pension provisions or relied on unemployment benefits (of unlimited duration in Belgium, as we have seen) until they reached the age at which they could qualify for an early retirement pension.

The problems of the Belgian Borinage evidently played an important role in leading the ECSC to pay increased attention to regional economic development policies.⁴⁰ At a meeting of the Special Council of Ministers in July 1959, it was decided to arrange for a conference on the industrial reconversion of regions affected by the closing of establishments. The recommendations of the conference, which was held in Luxemburg in the fall of 1961, included the following:

(1) advantage should be taken of good periods in the trade cycle to push ahead with redevelopment projects;

(2) methods employed must be tailored to the social and economic characteristics of the area concerned;

(3) the necessary impetus in some depressed areas might be

provided by building industrial estates;

(4) tax concessions, though valuable, were felt to be less important than the provision of capital-equipment grants and loans, the latter to be made available on especially advantageous terms.⁴¹

In a memorandum published in 1961, the high authority outlined its policies and procedures in dealing with applications for redevelopment assistance. It planned to call in outside experts, to be nominated by the member governments, to facilitate the study and preparation of analyses of redevelopment operations, and to improve and reorganize the various means of determining which enterprises were likely to be interested in locating in a particular area and informing them as to the types of assistance offered there. However, the actual types of assistance in any given case and the procedural arrangements were to be left to the individual governments.⁴²

³⁹ *Ninth General Report . . . , 1960-1961*, pp. 275-277; *Tenth General Report . . . , 1961-1962*; and *Eleventh General Report . . . , 1962-1963*, pp. 444-445.

⁴⁰ *Eighth General Report . . . , 1959-1960*, p. 267.

⁴¹ *Ninth General Report . . . , 1960-1961*, p. 285. See, also, European Coal and Steel Community, High Authority, *La conversion industrielle en Europe; Rapports et communications à la Conférence intergouvernementale sur "la reconversion industrielle des régions touchées par la fermeture des usines," organisée en commun par le Conseil spécial de ministres et la Haute Autorité de la CECA, du 27 septembre au 1^{er} octobre 1961 à Luxembourg* (Luxemburg: 1961), 4 volumes. Vol. 1 includes a number of useful and interesting reports which were prepared for the conference on regional economic policies in the member countries and in Great Britain.

⁴² *Tenth General Report . . . , 1960-1961*, p. 429.

By early 1963, the high authority had granted financial assistance for eight redevelopment projects, including four in Belgium (in the Liège and Borinage areas), three in France, and one in Italy. In all cases, the firm receiving the assistance had to make a commitment to recruit a given proportion of its new employees from redundant workers in the coal and steel industries. It was roughly estimated that a total of 6,500 new jobs would be created under these arrangements.⁴³

THE ORGANISATION FOR ECONOMIC CO-OPERATION AND DEVELOPMENT

Our consideration of intergovernmental policies in the manpower field would not be complete without at least

⁴³ *Eleventh General Report . . .*, 1962-1963, p. 453. For a study of ECSC and EEC regional economic policies, see Yves Delamotte and Erika Georges, "The Role of the European Coal and Steel Community and the Common Market in Regional Policy," reports prepared under the direction of Frederic Meyers for the U.S. Area Redevelopment Administration (Los Angeles: Institute of Industrial Relations, University of California, mimeographed, 1963).

a brief mention of the program of the Manpower and Social Affairs Committee of OECD, which sponsors studies and conferences, and develops recommendations on manpower policy for approval by the organization and transmission to the member governments.⁴⁴ A report and recommendation on manpower policy to the governments of the 21 member countries was issued in the summer of 1964, including recommendations under 10 headings: (1) Policymaking and administration, (2) participation of employers' and workers' organizations, (3) coordination of manpower and other economic policies, (4) the employment service, (5) human resource development, including vocational training and retraining, (6) geographical mobility, (7) regional development, (8) employment of marginal groups, (9) financial provisions for readjustments, and (10) special problems of developing countries.⁴⁵

⁴⁴ For a brief discussion of this program, see Solomon Barkin, *The Manpower Policies of the Organisation for Economic Co-operation and Development* reprinted from *Business Topics*, autumn 1963, pp. 7-16.

⁴⁵ A brief summary of the report was published in the *Ministry of Labour Gazette*, LXXII, August 1964, p. 334.

10

CONCLUSIONS

THE PRIMARY purpose of this study was to discover what can be learned from European experience with retraining programs that may be of value in relation to American retraining problems. As I pointed out in the introduction, the search for "lessons" has been complicated because of the marked contrast between labor market conditions in the United States and Europe in recent years. Particularly on the vital question of the types of occupations for which workers should be retrained, European experience is not neatly translatable into American terms. The major conclusion that can be drawn from European experience in this area is the rather obvious one that decisions must be based on careful analysis of labor market conditions at the local, regional, and national level. If any criticism of American policies is called for, it may lie in overemphasis on identification of labor shortages in local communities and underemphasis on regional and national labor needs. Apart from this broad point, there are specific suggestions on promising approaches to retraining problems to be found here and there in Western Europe, but these are matters of detail which have been covered in the main body of the report and need not be recapitulated here.

Despite the differences in labor market conditions, I am convinced that a number of lessons of value can be learned from the European experience. In some respects, they are not at all the

lessons I was seeking when I set out on this voyage of discovery but are the results of a process of reflection and reaction extending over many months.

A PERMANENT RETRAINING PROGRAM

The most important lesson to be drawn from an examination of the postwar development of retraining programs in Western Europe, in my opinion, lies in the fact that European countries have come to accept government retraining programs as a permanent instrument of manpower policy, as valuable in a period of full or overfull employment as in a period of unemployment. There is little question in my mind that we should move toward official acceptance of this view of retraining in the United States and that we should not wait until the Manpower Development and Training Act is about to expire (in mid-1966) before reaching this decision. [Ed. Note: Under the Manpower Act of 1965, the termination date for MDTA training programs was extended to June 30, 1969.] There is increasing agreement among labor market experts that we shall have a difficult residual problem of structural unemployment even if we succeed in reducing the overall unemployment rate to 4 percent or below. Moreover, as was pointed out in chapter 2, retraining in its broader sense should be looked upon as a method of encouraging adaptation to structural changes in employment, whether or not those changes are accompanied by any appreciable problem of unemployment. And it should hardly be necessary to add that we can expect a continuation of structural changes in employment for many decades to come.

As we move toward a position of full employment, the case for retraining will rest not only on the need to com-

bat structural unemployment but also on the need to hold our own in the growth and productivity race. On this aspect of the problem, there is little likelihood of disagreement in the United States. If we have been able to rely to a considerable extent in the past on technological superiority, it is becoming increasingly clear that Western Europe is catching up very fast.

Acceptance of retraining as a permanent program in the United States would have important implications with respect to various specific aspects of retraining policy. We should begin immediately to distinguish more clearly between the short-run and the long-run objectives of retraining policies. Thus far we have been looking upon retraining as an emergency crash program aimed at increasing the employability of the present unemployed. But particularly as it relates to the more disadvantaged among the unemployed—especially the functional illiterates and others with an abysmally low level of education—it should be clear that the job is not going to be accomplished within a short span of a few years or even within a whole generation. The children who are growing up in urban slum areas and in backward rural areas today are going to contribute their share to a problem of inadequate preparation for the labor market a decade or two hence. And the problem of labor displacement is hardly likely to disappear. Indeed, it could well become more serious, particularly if automation in the office begins to result in a more difficult problem of displacement of white-collar workers, along with continuation of the more familiar problem of displacement of blue-collar workers.

The development of a large retraining program requires expansion of the number of vocational training instructors and, particularly in the case of special programs for disadvantaged groups, the training of counselors and other types of personnel equipped to deal with such groups. In many situations, it requires the acquisition of specialized equipment and the rental, purchase, or construction of buildings to house training classes. In the light of these needs it is scarcely surprising that our MDTA program was slow to get underway in the first year or two. Examination of the European experience certainly seems to suggest that we would have been far better off if we had developed this type of program earlier in the post-World War II period. Moreover, once we have an adequate staff and facilities for a large-scale retraining program, it would seem a great mistake to discontinue the use of them.

The French experience seems particularly relevant in this connection. As the director of ANIFRMO pointed out to me, one of the reasons for the success of the French program is that it was built up during a prolonged period of full employment. And practically in the same breath he added that the retraining facilities and staff which have been developed over a period of nearly two decades would be a great asset if labor market conditions were to deteriorate and the French were to be faced with a serious problem of unemployment.

Some may argue that, in periods of relatively full employment, employers can be relied on to provide all the training and retraining required, and thus there is no need for a permanent

government program. Very briefly, I believe there are three main reasons why employer-sponsored training will not suffice.

In the first place, it is primarily the large firms that provide training, and, at least until very recently, there has been very little employer-sponsored retraining.

Secondly, we are not likely to do away altogether with recessions in the future, and it has been apparent in the last few recessions that a good many workers who are laid off during the downswing, from firms experiencing rapid increases in productivity, are not rehired in the recovery period. To the extent that such cases can be identified with reasonable promptness, they can be provided with government retraining during the recession or in the early part of the upswing, at a time when opportunities for other jobs are limited. Then, when the recovery is well underway, workers laid off during the downswing may stand a good chance of being placed in the type of work for which they have been trained.

Thirdly, the workers who will be hired and trained by employers are those who can meet employer selection standards. Not only is discrimination on the basis of age, race, and sex unlikely to disappear altogether, but there are many unemployed persons who are not hired because of poor performance on aptitude tests, poor grooming, or other individual problems. Those who are subject to discrimination may in some cases be placed more readily if they have received appropriate training, and at least some types of government retraining courses can be designed to provide practice in taking aptitude

tests, suggestions on applying for jobs, and the like.

There is probably little question that we should continue to provide for a certain amount of subsidized on-the-job training under the Manpower Development and Training Act and other programs, but European experience does not suggest that this approach will remove the need for public institutional training.

THE RELATIVE ROLE OF RETRAINING

A second, and closely related, lesson is that the role of retraining in attacking unemployment in Western Europe has been significant, but distinctly secondary. The authors of careful comparative studies, like those of Madison and Lamfalussy, have concluded, as we saw in chapter 2, that the maintenance of a high and expanding level of aggregate demand, along with the mutually stimulating effects of expanding markets for exports, has been the major factor underlying European success in maintaining full employment and achieving rapid growth. Even in those situations involving a prolonged problem of heavy employment—in Belgium, Italy, and West Germany, particularly in the early fifties—underlying economic factors and policy measures which had the effect of stimulating aggregate demand largely accounted for the decline in the unemployment rate, although more specific labor market adjustment policies played a role. And, among labor market adjustment policies, such measures as resettlement of the expellees and ref-

ugees in West Germany, public works in Belgium, and a combination of public works and assisted emigration in Italy tended to play a more important role.

EFFICIENCY VERSUS SOCIAL OBJECTIVES

Comparison of retraining policies in Western Europe reveals marked contrasts between those countries in which efficiency appears to be the predominant objective—France and the Netherlands—and those countries which have placed at least some degree of emphasis on providing retraining opportunities for the more disadvantaged among the unemployed—West Germany and Sweden. (Belgium, Italy, and the United Kingdom are not quite so clearly classifiable.) An emphasis on efficiency implies selecting young and highly qualified potential trainees, training largely for those occupations in which labor shortages are most acute, achieving a high rate of placement, and thereby, presumably, making a maximum contribution to increasing productivity. Greater emphasis on increasing the employability of the more disadvantaged among the unemployed implies policies which avoid the screening out of older persons, relatively uneducated persons, and other disadvantaged groups.

The choice clearly involves the problem of the relative values attached to various conflicting social and economic goals and is essentially a choice which each country must make for itself. Moreover, in interpreting and evaluating the pronounced differences in pol-

icy among European countries in this respect, it is important to consider variations in the pattern of differentials in unemployment rates by age and sex, as well as such factors as the relative availability of various types of income maintenance measures for displaced older persons. Even so, I have found myself wondering, as suggested in chapter 5, whether the policies followed in some countries do not imply too narrow a conception of the goal of increased productivity. Is this goal to be confined largely to the manufacturing and construction sectors of the economy, and, within these sectors, to blue-collar occupations?

The choice between policies emphasizing efficiency and those giving at least some weight to providing retraining opportunities for the more disadvantaged among the unemployed is clearly a central issue in the formulation of retraining policies, and it is one to which I have given a great deal of thought in the course of this study. On the whole, the blend of the two approaches in our Manpower Development and Training Act program seems appropriate, given our serious unemployment problem and heterogeneous labor force, and some of the 1963 amendments, which tended to encourage a shift toward somewhat greater emphasis on attempts to provide retraining opportunities for the disadvantaged, are to be commended. Moreover, there is probably a strong case for distinguishing rather sharply, in evaluating results, between training projects that are intended for the more qualified among the unemployed and those aimed at the seriously disadvantaged groups. Those who are qualified to meet fairly rigorous selection

standards and to make rapid progress in an accelerated program should be given every opportunity to enter and complete retraining courses without being held back as a result of inclusion of slow learners in the same classes. (A minor qualification might be made here with respect to the inclusion of older persons in classes along with the young, in the light of Swedish experience.) And from this part of our program we should aim at and expect high placement rates. In the programs developed for the more disadvantaged groups we may very well have to settle for a considerably lower success rate, as has the public employment service in West Berlin in some of its courses for older persons.

At the same time, it seems to me that, in attacking the problems of individuals with extremely poor preparation for the labor force, we must be careful not to put all of our eggs in the basket of retraining. If we do, the results are likely to be disappointing. I would urge, along the lines of the discussion in the last section of chapter 7, increasing attention to other Government policies which would have an impact on the structure of labor demand.

MOVING THE WORKER VERSUS MOVING THE JOB

For a variety of reasons, there has been a decided trend toward increasing emphasis on policies aimed at moving the job to the worker rather than moving the worker to the job in

western European countries during the course of the postwar period. This does not mean that most of the countries included in this study do not provide relocation allowances, but governments have come increasingly to recognize, among other things, that out-migration from depressed or underdeveloped regions tends to be selective and that those who remain in such areas are frequently not the individuals best equipped to combat a cumulative process of decay or a condition of stagnation. Moreover, regional economic policies in a number of countries have come to place increasing emphasis on regional planning and, in some cases, on the selection of growth zones within depressed or underdeveloped regions, for programs of intensified development measures. Such an approach would appear to increase the likelihood that unemployed or underemployed workers living in such regions can be provided training opportunities and employment within the region.

European experience with relocation allowances has not been very conclusive. In such countries as Belgium, Great Britain, and the Netherlands, few workers have applied for them, but it is not clear whether this is primarily because very little attempt has been made to publicize the availability of such allowances or because the allowances are relatively meager and workers do not consider it worthwhile to apply for them. In Sweden, where much greater use has been made of relocation allowances, the Government has not only taken a number of steps to make them more liberal but has also placed considerable emphasis on publicizing their availability. Statis-

tical data on the operation of these programs are scanty, however, and much more research is needed before their impact can be evaluated.

ANTICIPATING DISPLACEMENT PROBLEMS

In recent years, a number of countries of Western Europe have adopted legislation or developed policies aimed at anticipating problems of labor displacement, through early warning systems and subsidies designed to encourage the retraining of workers threatened with labor displacement before actual dismissal occurs. Close relations between the public employment service and the management and labor community have also played an important role in encouraging concerted and effective attacks on problems of labor displacement in local communities in such countries as West Germany and Sweden.

These policies deserve careful study and consideration in the United States, although European experience in this area tends to be more recent and less adequately reported than the experience with public retraining programs. But there is a good deal of innovation and experimentation going on, and I suspect that we shall see further policy developments and changes concerned with the problem of meeting labor redundancy. These developments will bear close watching, as will the accumulating experience under existing legislation.

TRAINING ALLOWANCES

By European standards, the training allowance available under MDTA are seriously inadequate, using as a basis of comparison the relationship between allowances and prevailing wage rates. It can be argued, of course, that higher training allowances are needed under European conditions, in which the aim is to attract workers to seek retraining in a tight labor market situation. But employment is now expanding quite rapidly in the United States, and there has been a significant decline in unemployment rates for adults in the prime working-age groups. Unless training allowances are made more attractive, we are increasingly likely to find that the more qualified unemployed workers will avoid retraining in an environment of improving job opportunities or will drop out of courses before completion, particularly if the course is relatively lengthy.

The basic problem, of course, is that training allowances are related to unemployment insurance benefits, which are much too low. Although there may be some argument as to where, between, say, 50 and 75 percent of previous earnings, unemployment benefits should be set, there should be little argument over the inadequacy of benefits which, for the country as a whole, average only about 35 percent of earnings. Enactment of the proposals on unemployment insurance submitted to Congress by the Administration in the spring of 1963 would go far toward providing for a more adequate level of unemployment insurance benefits and, indirectly, of the training allowances which are geared to them.

[Ed. Note: The current Administration submitted similar proposals in the Spring of 1965.] Moreover, if we succeed in getting the unemployment rate down to lower levels, it may eventually be feasible to finance the retraining program through a combination of unemployment insurance contributions and general revenues, as a number of Western European countries do. The relative ease with which retraining is financed under tight labor market conditions in West Germany, where funds are derived entirely from unemployment insurance revenues, has been discussed in chapter 7. But I believe the Federal Government's role in the financing and administration of the retraining program should continue to be an important one, and that its relative role in the financing of unemployment insurance should be increased, before unemployment insurance revenues are tapped as a source of retraining funds. I have also become increasingly convinced that there is a strong case for a modest employee contribution to unemployment insurance, imposed at the Federal level.

As we gain experience with our retraining programs, we may also find it desirable to increase the maximum duration of training allowances so as to encourage types of training that are not feasible with a maximum duration of 52 weeks.¹ Sweden and the Nether-

¹The 1963 amendments extended this period by 20 weeks, but only for persons requiring a preliminary program of basic education before undertaking regular vocational training. [Ed. Note: The Manpower Act of 1965 amended the MDTA to permit training allowances to be paid for a maximum of 104 weeks for both regular training programs and programs combining basic education and vocational training.]

lands, as we have seen, permit the payment of training allowances for periods as long as 2 years in some instances.

If we succeed in reducing the unemployment rate materially below present levels, it may also be desirable to consider liberalizing eligibility for training allowances. Under conditions of relatively heavy unemployment, policies which, with certain exceptions, confine training allowances to unemployed heads of families with a given amount of employment experience make a good deal of sense, but, if we move toward tighter labor market conditions, and the goal of increasing productivity assumes greater relative importance as a retraining objective, more liberal eligibility conditions for training allowances should be seriously considered. [Ed. Note: Since Dr. Gordon completed this study the Manpower Act of 1965, which became law April 26, 1965, has further amended the Manpower Development and Training Act of 1962, liberalizing the provisions with respect to amount and duration of training allowances and eligibility requirements for allowances.]

RETRAINING AND VOCATIONAL EDUCATION

If adult retraining has received a good deal of attention in Western Europe in recent years, even more attention has been given to the need for improving and expanding basic vocational education for young people. There has been a ferment of discussion

and debate on the pros and cons of technical schools versus apprenticeship training and a strong tendency to recognize the need for increased emphasis on basic theoretical training, including a generous amount of mathematics, before specialized craft training is undertaken. This is likely to mean gradually increased emphasis on a preliminary period of training in a vocational or technical school, even though it may be followed by a period of apprenticeship. Ancient and time-honored apprenticeship rules and policies are being critically reexamined, particularly in countries where apprenticeship periods have been lengthy and rigid. It was considered a day of great triumph for a more progressive approach when the building trades in Britain, relatively recently, agreed to a reduction in the length of apprenticeship from 5 years to 4. Various experiments are being tried in a number of countries, involving new forms of cooperation between the technical schools and firms providing on-the-job training, including alternating periods of training in the school and in the firm.

It has not been possible to include a detailed examination of vocational education systems and issues in this report. But it has been clear, at various points in our discussion, particularly in connection with training programs for young people sponsored by European ministries of labor, that an essential aspect of an adult retraining program is a logical and carefully considered relationship with a country's basic vocational education system for youth. Clearly, also, as we have suggested at several points, improvements in vocational training for young people

will simplify the problems facing adult retraining programs in the future, although, given the certainty of continued technological and structural changes, such improvements will not remove the need for adult retraining facilities.

The whole question of the relationship between differences in vocational education systems and the stability of employment conditions for young people is an important field of comparative

labor market research which has scarcely been touched. Studies in this area should encompass differences in wage practices, as they bear on the employment of youth, and differences in employer and union practices which impinge on the ease or difficulty with which young people can enter the labor market. Given the severity of the youth unemployment problem in the United States, such studies should be given high priority.

APPENDIX A

TABLE A-1.—PERCENT OF WORKING-AGE POPULATION IN THE LABOR FORCE, BY AGE, SEX, AND MARITAL STATUS, SELECTED COUNTRIES, SELECTED YEARS, 1950-63

| Sex and year | Total | France | | | | | | | | | | | | | |
|-------------------------|-------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|------------|
| | | 14 years | 15 to 19 | 20 to 24 | 25 to 29 | 30 to 34 | 35 to 39 | 40 to 44 | 45 to 49 | 50 to 54 | 55 to 59 | 60 to 64 | 65 to 69 | 70 to 74 | 75 or more |
| Men: | | | | | | | | | | | | | | | |
| 1954 ¹ | | 25.0 | 66.5 | 92.3 | 96.8 | 97.0 | 96.8 | 96.8 | 96.5 | 94.0 | 82.0 | 68.0 | 49.5 | 33.5 | 18.0 |
| 1960..... | | 23.0 | 58.0 | 89.0 | 97.0 | 98.0 | 98.0 | 98.0 | 97.0 | 94.0 | 84.0 | 69.0 | 38.0 | 28.0 | 11.0 |
| Women: | | | | | | | | | | | | | | | |
| 1954 ¹ | | 15.0 | 49.0 | 54.9 | 41.3 | 38.3 | 39.8 | 44.8 | 46.9 | 46.0 | 41.8 | 33.3 | 19.6 | 12.0 | 6.0 |
| 1960..... | | 17.0 | 49.0 | 65.0 | 46.0 | 42.0 | 41.0 | 42.0 | 48.0 | 48.0 | 42.0 | 35.0 | 18.0 | 11.0 | 5.0 |

See footnotes at end of table.

TABLE A-1.—PERCENT OF WORKING-AGE POPULATION IN THE LABOR FORCE, BY AGE, SEX, AND MARITAL STATUS, SELECTED COUNTRIES, SELECTED YEARS, 1950-63—Continued

| Sex and year | | Germany (Federal Republic) | | | | | | | | | | | | | | |
|--------------|------|----------------------------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|------------|
| | | Total | 14 years | 15 to 20 | 20 to 25 | 25 to 30 | 30 to 35 | 35 to 40 | 40 to 45 | 45 to 50 | 50 to 55 | 55 to 60 | 60 to 65 | 65 to 70 | 70 to 75 | 75 or more |
| Men: | | | | | | | | | | | | | | | | |
| 1950 | 63.2 | (2) | 84.7 | 93.4 | 94.4 | 96.4 | 97.3 | 97.1 | 96.7 | 93.4 | 87.4 | 73.0 | | 26.8 | | |
| 1957 | 64.9 | (2) | 80.7 | 92.3 | 96.5 | 97.4 | 97.6 | 96.9 | 96.3 | 94.7 | 89.1 | 74.7 | | 25.1 | | |
| 1959 | 64.0 | 27.7 | 77.3 | 91.6 | 95.9 | 98.1 | 97.6 | 97.2 | 95.9 | 94.2 | 89.2 | 72.6 | 35.1 | 22.4 | 11.7 | |
| 1961 | 63.7 | 22.9 | 77.1 | 90.4 | 96.2 | 98.3 | 98.0 | 97.1 | 96.2 | 94.1 | 89.1 | 74.0 | 35.3 | 22.0 | 11.6 | |
| Women: | | | | | | | | | | | | | | | | |
| 1950 | 31.4 | (2) | 77.6 | 70.4 | 50.3 | 40.0 | 36.2 | 35.4 | 35.9 | 33.8 | 29.4 | 21.2 | | 9.7 | | |
| 1957 | 34.2 | (2) | 76.2 | 75.6 | 51.7 | 44.9 | 43.7 | 41.6 | 38.9 | 35.7 | 31.7 | 23.0 | | 10.0 | | |
| 1959 | 33.5 | 26.3 | 74.5 | 76.4 | 51.0 | 44.0 | 44.3 | 42.3 | 39.7 | 36.3 | 32.0 | 20.8 | 13.2 | 7.8 | 3.5 | |
| 1961 | 33.1 | 20.0 | 74.0 | 75.8 | 52.3 | 43.5 | 44.7 | 44.6 | 40.8 | 37.5 | 32.7 | 21.6 | 13.5 | 7.8 | 3.4 | |

See footnotes as end of table.

TABLE A-1.—PERCENT OF WORKING-AGE POPULATION IN THE LABOR FORCE, BY AGE, SEX, AND MARITAL STATUS, SELECTED COUNTRIES, SELECTED YEARS, 1950-63—Continued

| Sex and year | Great Britain | | | | | | | | | | | | |
|---|---------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|---------------|
| | Total | 15 to 19 | 20 to 24 | 25 to 29 | 30 to 34 | 35 to 39 | 40 to 44 | 45 to 49 | 50 to 54 | 55 to 59 | 60 to 64 | 65 to 69 | 70 or more |
| Men: | | | | | | | | | | | | | |
| 1952..... | 87.0 | 79.0 | 98.0 | 98.5 | 97.5 | 99.5 | 98.0 | 97.5 | 96.0 | 93.5 | 87.0 | 48.0 | 19.5 |
| 1962..... | 86.0 | 73.0 | 97.0 | 97.5 | 98.5 | 99.5 | 98.5 | 98.5 | 95.5 | 95.0 | 90.5 | 41.0 | 17.0 |
| Women—single, widowed, and divorced: | | | | | | | | | | | | | |
| 1952..... | 55.0 | 78.5 | 92.5 | 91.0 | 89.0 | 77.0 | 80.5 | 73.0 | 65.5 | 54.5 | 26.0 | 6.0 | |
| 1962..... | 53.0 | 74.5 | 99.0 | 99.0 | 99.0 | 96.5 | 95.0 | 87.5 | 75.5 | 61.5 | 30.0 | 5.5 | |
| Women—married: | | | | | | | | | | | | | |
| 1952..... | 25.5 | 55.5 | 42.0 | 29.0 | 26.5 | 29.5 | 31.0 | 31.0 | 27.0 | 21.0 | 9.5 | 2.0 | |
| 1962..... | 33.0 | 39.5 | 38.5 | 32.0 | 31.5 | 37.5 | 42.5 | 44.0 | 40.5 | 33.0 | 17.5 | 6.5 | |

See footnotes at end of table.

TABLE A-1.—PERCENT OF WORKING-AGE POPULATION IN THE LABOR FORCE, BY AGE, SEX, AND MARITAL STATUS, SELECTED COUNTRIES, SELECTED YEARS, 1950-63—Continued

| Sex and year | Total | Italy | | | | | | | | | |
|---------------------|-------|----------|----------|----------|----------|----------|----------|------------|------------|--|--|
| | | 10 to 14 | 14 to 20 | 20 to 30 | 30 to 40 | 40 to 50 | 50 to 60 | 60 to 65 | 65 or more | | |
| Men: | | | | | | | | | | | |
| 1963..... | 59.3 | 2.9 | 55.7 | 85.0 | 97.9 | 95.9 | 88.6 | 56.0 | 20.2 | | |
| Women: | | | | | | | | | | | |
| 1963..... | 22.3 | 2.6 | 38.8 | 40.8 | 31.7 | 30.1 | 24.6 | 15.4 | 5.0 | | |
| Sweden ³ | | | | | | | | | | | |
| Total | | 14 to 17 | 18 to 24 | 25 to 34 | 35 to 44 | 45 to 54 | 55 to 66 | 67 or more | | | |
| Men: | | | | | | | | | | | |
| 1960..... | 80.2 | 43.5 | 76.4 | 98.1 | 99.2 | 96.1 | 86.9 | 28.7 | | | |
| 1963..... | 77.9 | 32.6 | 74.0 | 94.6 | 96.0 | 96.3 | 87.7 | 28.5 | | | |
| Unmarried women: | | | | | | | | | | | |
| 1960..... | 49.2 | 29.1 | 74.8 | 87.2 | 85.0 | 81.5 | 49.7 | 6.6 | | | |
| 1963..... | 46.0 | 22.3 | 71.8 | 83.4 | 83.9 | 82.5 | 51.6 | 5.8 | | | |
| Married women: | | | | | | | | | | | |
| 1960..... | 40.0 | ..... | 46.2 | 48.7 | 45.8 | 46.4 | 28.5 | 3.5 | | | |
| 1963..... | 44.2 | ..... | 45.7 | 47.9 | 55.3 | 53.2 | 32.7 | 4.4 | | | |

See footnotes at end of table.

TABLE A-1.—PERCENT OF WORKING-AGE POPULATION IN THE LABOR FORCE, BY AGE, SEX, AND MARITAL STATUS, SELECTED COUNTRIES, SELECTED YEARS, 1950-63—Continued

| Sex and year | Total | United States | | | | | | |
|--------------|-------|---------------|----------|----------|----------|----------|----------|------------|
| | | 14 to 19 | 20 to 24 | 25 to 34 | 35 to 44 | 45 to 54 | 55 to 64 | 65 or more |
| Men: | | | | | | | | |
| 1950..... | 84.4 | 53.2 | 89.0 | 96.2 | 97.6 | 95.8 | 87.0 | 45.8 |
| 1963..... | 78.8 | 43.5 | 88.3 | 97.3 | 97.6 | 95.8 | 86.2 | 28.4 |
| Women: | | | | | | | | |
| 1950..... | 33.1 | 31.5 | 46.1 | 34.0 | 39.1 | 38.0 | 27.0 | 9.7 |
| 1963..... | 37.0 | 28.4 | 47.6 | 37.2 | 44.9 | 50.6 | 39.7 | 9.6 |

¹ 1954 data are from a complete population census, whereas 1960 data are from a sample household survey.
² Not available.
³ Data refer to the month of May.

SOURCE: For France, *Institut National de la Statistique et des Études Économiques, Enquête "Emploi" d'Octobre 1960* (Paris: 1963), p. 116; for West Germany, reprints from *Wirtschaft und Statistik*, October 1959, p. 544, September 1961, p. 516, and September 1962, p. 535; for Italy, *Istituto Centrale di Statistica, Rilevazione Nazionale delle Forze di Lavoro, 10 maggio 1963* (Rome: 1963), p. 21; for Sweden, Royal Labor Market

Board, *Arbetsmarknadstatistik*, No. 8, 1963 (Stockholm: 1963), p. 11; for Great Britain, *Ministry of Labour Gazette*, LXXI, October 1963, p. 390; and for the United States, *Manpower Report of the President*, transmitted to the Congress March 1964 (Washington, D.C.: U.S. Government Printing Office, 1964), p. 196. It should be noted that the statistics in this table are based either on decennial census or household survey data, except for the British figures, which have been estimated largely on the basis of social insurance statistics. Differences between the data in this table and those in table 5 are attributable partly to differences in methods of compilation and partly to the fact that table 5 relates only to the population 15 to 64 years old.

TABLE A-2.—CIVILIAN EMPLOYMENT, BY BRANCH OF ACTIVITY,
SELECTED COUNTRIES, SELECTED YEARS, 1950-62

[Thousands of employees]

| Country and branch of activity | 1950 | 1955 | 1960 | 1962 |
|--|---------|---------|---------|---------|
| BELGIUM | | | | |
| Total, all activities | 3, 306 | 3, 348 | 3, 385 | 3, 494 |
| Agriculture, forestry, hunting, and fishing | 368 | 310 | 257 | 240 |
| Mining and quarrying | 184 | 168 | 131 | 105 |
| Manufacturing | 1, 127 | 1, 155 | 1, 172 | 1, 229 |
| Construction | 212 | 235 | 243 | 263 |
| Electricity, gas, water, and sanitary services | 28 | 29 | 30 | 30 |
| Commerce | 472 | 474 | 498 | 534 |
| Transport, storage, and communication | 250 | 237 | 240 | 241 |
| Services | 666 | 740 | 815 | 852 |
| FRANCE | | | | |
| Total, all activities | | 18, 504 | 18, 356 | 18, 715 |
| Agriculture, forestry, hunting, and fishing | | 4, 996 | 4, 165 | 3, 882 |
| Mining and quarrying | | 379 | 347 | 323 |
| Manufacturing | | 5, 035 | 5, 228 | 5, 378 |
| Construction | | 1, 394 | 1, 526 | 1, 628 |
| Electricity, gas, water, and sanitary services | | 158 | 172 | 185 |
| Commerce | | 2, 231 | 2, 484 | 2, 619 |
| Transport, storage, and communication | | 985 | 1, 039 | 1, 079 |
| Services | | 3, 325 | 3, 397 | 3, 621 |
| GERMANY (FEDERAL REPUBLIC) | | | | |
| Total, all activities | 20, 365 | 23, 210 | 25, 040 | 25, 680 |
| Agriculture, forestry, hunting, and fishing | 5, 020 | 4, 285 | 3, 615 | 3, 465 |
| Industry ¹ | 8, 730 | 10, 890 | 12, 165 | 12, 575 |
| Others ² | 6, 615 | 8, 035 | 9, 260 | 9, 640 |
| ITALY | | | | |
| Total, all activities | | 17, 869 | 19, 514 | 19, 734 |
| Agriculture, forestry, hunting, and fishing | | 6, 829 | 6, 077 | 5, 521 |
| Industry ¹ | | 5, 963 | 7, 502 | 8, 105 |
| Others ² | | 5, 077 | 5, 935 | 6, 108 |

See footnotes at end of table.

TABLE A-2.—CIVILIAN EMPLOYMENT, BY BRANCH OF ACTIVITY, SELECTED COUNTRIES, SELECTED YEARS, 1950-62—Continued

[Thousands of employees]

| Country and branch of activity | 1950 | 1955 | 1960 | 1962 |
|--|---------|---------|---------------------|---------------------|
| THE NETHERLANDS | | | | |
| Total, all activities | 3, 727 | 3, 989 | 4, 142 | 4, 289 |
| Agriculture, forestry, hunting, and fishing | 533 | 489 | 442 | 425 |
| Mining and quarrying | 52 | 61 | 61 | 56 |
| Manufacturing | 1, 151 | 1, 229 | 1, 257 | 1, 327 |
| Construction | 306 | 350 | 365 | 386 |
| Electricity, gas, water, and sanitary services | 34 | 36 | 37 | 36 |
| Commerce | 554 | 608 | 664 | 694 |
| Transport, storage, and communication | 261 | 279 | 297 | 303 |
| Services | 836 | 937 | 1, 019 | 1, 062 |
| UNITED KINGDOM | | | | |
| Total, all activities | 22, 539 | 23, 477 | 24, 173 | 24, 638 |
| Agriculture, forestry, hunting, and fishing | 1, 262 | 1, 154 | 1, 062 | 993 |
| Mining and quarrying | 856 | 866 | 764 | 716 |
| Manufacturing | 8, 716 | 9, 416 | ³ 9, 001 | ³ 9, 029 |
| Construction | 1, 468 | 1, 523 | 1, 607 | 1, 697 |
| Electricity, gas, water, and sanitary services | 360 | 384 | 377 | 394 |
| Commerce | 3, 083 | 3, 366 | 3, 919 | 4, 042 |
| Transport, storage, and communication | 1, 812 | 1, 742 | 1, 691 | 1, 717 |
| Services | 4, 982 | 5, 026 | ³ 5, 752 | ³ 6, 050 |
| UNITED STATES | | | | |
| Total, all activities | 58, 868 | 63, 592 | 66, 459 | 67, 441 |
| Agriculture, forestry, hunting, and fishing | 7, 973 | 7, 061 | 6, 188 | 5, 728 |
| Mining and quarrying | 951 | 826 | 723 | 673 |
| Manufacturing | 15, 163 | 16, 792 | 16, 549 | 16, 663 |
| Construction | 3, 392 | 4, 012 | 4, 189 | 4, 217 |
| Electricity, gas, water, and sanitary services | 559 | 604 | 628 | 628 |
| Commerce | 13, 453 | 15, 043 | 16, 503 | 16, 961 |
| Transport, storage, and communication | 3, 566 | 3, 652 | 3, 486 | 3, 385 |
| Services | 13, 806 | 15, 597 | 18, 189 | 19, 182 |
| Others and not specified | 5 | 5 | 4 | 4 |

¹ Includes mining and quarrying, manufacturing, construction, and utilities.

² Includes commerce, "transport, storage, and communications," and services.

³ Because of changes in classification, data for these years are not comparable with data

for earlier years.

NOTE: Because of rounding, sums of individual items may not equal totals.

SOURCE: Organisation for Economic Co-operation and Development, *Manpower Statistics, 1950-1962* (Paris: 1963).

TABLE A-3.—PERSONS ENROLLED IN GOVERNMENT-SPONSORED VOCATIONAL TRAINING, BY SEX, PHYSICAL STATUS, AND TYPE OF PROGRAM, GREAT BRITAIN, SELECTED DATES, 1950-64

| Type of program, physical status, and sex | 1950 (July 24) | 1952 (July 21) | 1954 (July 5) | 1956 (June 11) | 1958 (June 9) | 1960 (June 13) | 1962 (June 12) | 1964 (June 8) |
|---|-------------------|-------------------|------------------|-------------------|------------------|-------------------|-------------------|------------------|
| Total..... | 4,864 | 4,497 | 4,005 | 3,774 | 3,239 | 3,208 | 2,892 | 3,891 |
| Men..... | 4,313 | 3,946 | 3,420 | 3,194 | 2,816 | ..... | ..... | ..... |
| Women..... | 551 | 551 | 585 | 580 | 423 | ..... | ..... | ..... |
| Government training centers: | | | | | | | | |
| Able-bodied..... | 1,450 | 1,569 | 1,458 | 1,352 | 1,108 | 1,103 | 1,051 | 1,947 |
| Disabled..... | 1,464 | 1,591 | 1,204 | 1,140 | 1,028 | 1,038 | 819 | 768 |
| Technical and commercial colleges: | | | | | | | | |
| Able-bodied..... | 294 | 75 | 105 | 85 | 69 | 47 | 88 | 138 |
| Disabled..... | 491 | 612 | 624 | 643 | 529 | 491 | 452 | 517 |
| Employers' establishments: | | | | | | | | |
| Able-bodied..... | 251 | 19 | 33 | 9 | 2 | 9 | 3 | 35 |
| Disabled..... | 418 | 100 | 47 | 58 | 30 | 30 | 22 | 32 |
| Residential centers for the disabled, etc. ¹ | 496 | 531 | 534 | 487 | 473 | 490 | 457 | 454 |

¹ Includes disabled trainees in programs conducted by voluntary organizations. SOURCE: Ministry of Labour Gazette.

TABLE A-4.—EXPENDITURES OF THE BELGIAN NATIONAL OFFICE OF EMPLOYMENT, BY TYPE OF PROGRAM, 1953-62
[Millions of Belgian francs]

| Type of program | 1953 | 1954 | 1955 | 1956 | 1957 | 1958 | 1959 | 1960 | 1961 | 1962 |
|---|--------|--------|--------|--------|--------|--------|------------------|------------------|------------------|--------|
| REGULAR EXPENDITURES | | | | | | | | | | |
| Total..... | 6, 394 | 6, 536 | 5, 781 | 4, 587 | 3, 771 | 6, 228 | 8, 040 | 6, 414 | 5, 357 | 5, 116 |
| Unemployment benefits..... | 5, 575 | 5, 285 | 3, 857 | 3, 517 | 2, 940 | 4, 992 | 6, 315 | 5, 074 | 4, 156 | 4, 065 |
| Vocational readaptation..... | 21 | 23 | 27 | 30 | 25 | 22 | 28 | 43 | 53 | 168 |
| Typical courses for unemployed women..... | | | | | 3 | 3 | 1 | | | |
| Employment of unemployed on public works..... | 327 | 726 | 1, 457 | 575 | 337 | 668 | 1, 138 | 722 | 527 | 253 |
| Administrative expenses ¹ | 469 | 500 | 438 | 463 | 455 | 537 | 556 | 574 | 618 | 623 |
| Other..... | 2 | 2 | 2 | 2 | 11 | 6 | 2 | 2 | 3 | 6 |
| SUPPLEMENTARY ACTIVITIES | | | | | | | | | | |
| Miners' premiums..... | 15 | 20 | 16 | 12 | 10 | 9 | 6 | 3 | 2 | 2 |
| Special benefits for construction workers..... | 50 | 79 | 190 | 212 | 74 | 102 | 156 | 86 | 108 | 188 |
| Readaptation for prisoners of war, etc..... | 8 | 8 | 6 | 5 | 3 | 2 | (²) | (²) | (²) | |
| Family allowances for persons employed on public works..... | 36 | 60 | 94 | 20 | | | | | | |
| Special payments to frontier workers..... | 5 | 1 | 1 | 2 | 3 | 2 | 83 | 40 | 17 | 18 |
| Special benefits for shipyard repair workers..... | | | 3 | 2 | 4 | 24 | 16 | 16 | 13 | 10 |
| Readaptation aid for miners..... | 12 | 15 | | | 1 | 18 | 112 | 166 | 112 | 76 |
| Special aid for partially unemployed..... | | | | | | | 165 | 94 | 10 | |

¹ Includes expenses of other agencies administering certain payments.

² Less than 0.5.

NOTE: Because of rounding, sums of individual items may not equal totals.

SOURCE: National Office of Employment, *Rapport Annuel, 1962* (Brussels: 1963), table 21.

TABLE A-5.—FEDERAL EXPENDITURES FOR LABOR PLACEMENT AND UNEMPLOYMENT INSURANCE, GERMANY (FEDERAL REPUBLIC), SELECTED YEARS, 1952-61

| Source of funds and type of program | Expenditures in millions of DM ¹ | | | | | |
|--|---|---------|---------|---------|---------|----------|
| | 1952-53 | 1954-55 | 1956-57 | 1958-59 | 1961 | 1952-61 |
| Total expenditures..... | 2,763.1 | 2,616.5 | 1,858.1 | 2,113.2 | 1,469.4 | 20,081.1 |
| Unemployment insurance contributions, interest, etc..... | 1,539.8 | 1,504.5 | 1,340.4 | 1,706.9 | 1,048.9 | 13,483.5 |
| Unemployment insurance benefits.. | 821.0 | 984.9 | 870.5 | 1,207.8 | 367.0 | 8,170.3 |
| Bad weather money..... | | | | | 138.3 | 268.0 |
| Compensation for partial unemployment, etc..... | 79.5 | 31.1 | 19.7 | 34.1 | 3.6 | 263.1 |
| Work relief..... | 190.7 | 111.0 | 39.6 | 23.2 | 7.9 | 614.1 |
| Vocational retraining and related programs..... | 12.6 | 29.1 | 36.3 | 59.0 | 63.9 | 394.7 |
| Measures to promote year-round employment in construction..... | | | | | 58.6 | 78.9 |
| Administrative costs..... | 286.9 | 327.7 | 356.5 | 369.1 | 394.6 | 3,405.8 |
| General expenses..... | 149.1 | 20.7 | 17.8 | 13.7 | 15.0 | 288.6 |
| Allocations from general revenue..... | 1,223.3 | 1,112.0 | 517.7 | 406.3 | 420.5 | 6,597.6 |
| Federal government..... | 1,140.6 | 1,024.4 | 468.8 | 369.8 | 409.0 | 6,090.6 |
| Aid to the unemployed..... | 1,042.6 | 900.4 | 386.7 | 305.8 | 49.1 | 4,819.0 |
| Vocational retraining and related programs..... | 5.6 | 5.2 | 6.7 | 6.9 | 2.8 | 54.7 |
| Work relief..... | 26.9 | 81.9 | 48.9 | 38.1 | 12.8 | 427.8 |
| Resettlement expenses..... | 8.6 | 6.9 | 6.8 | 3.2 | 0.8 | 45.6 |
| Other expenses ² | 56.9 | 30.0 | 19.7 | 15.8 | 343.5 | 743.5 |
| State governments..... | 82.7 | 87.6 | 48.9 | 36.5 | 11.5 | 507.0 |
| Winter aid to the unemployed and other programs..... | 82.7 | 87.6 | 48.9 | 36.5 | 11.5 | 507.0 |

¹ Data are for fiscal years from April 1 through March 31, except for 1961 data, which are for the calendar year. Totals in the last column include expenditures in intervening years not shown in the table.

² Items included in other expenses have varied from year to year.

SOURCE: Federal Institution for Labor Placement and Unemployment Insurance, *Ein Jahrzehnt Bundesanstalt für Arbeitsvermittlung und Arbeitslosenversicherung* (Nuremberg: no date), appendix.

TABLE A-6.—TRAINEES LEAVING GOVERNMENT TRAINING CENTERS FOR ADULTS, FRANCE, 1962 AND 1963

| Types of courses | Number of trainees ¹ | |
|--|---------------------------------|---------|
| | 1962 | 1963 |
| Total..... | 26, 266 | 29, 249 |
| Specialized or skilled work..... | 24, 458 | 27, 275 |
| Metallurgy, general mechanics..... | 5, 551 | 7, 437 |
| Construction and public works..... | 16, 766 | 17, 221 |
| Electricity..... | 295 | 671 |
| Electric and electronic assemblage..... | 80 | 174 |
| Precision work, optical work, and watchmaking..... | 131 | 68 |
| Chemical industries..... | 123 | 113 |
| Transformation of stratified and nonstratified plastic materials.. | 61 | 58 |
| Mineral extraction..... | 26 | 33 |
| Leather and shoe industries..... | 281 | 155 |
| Textiles, clothing, and related industries..... | 377 | 340 |
| Office work..... | 552 | 790 |
| Horticulture and animal husbandry..... | 103 | 100 |
| Nursing, nurses' aides, and orthopedic specialist..... | 112 | 115 |
| Highly skilled work, technicians, etc..... | 1, 808 | 1, 974 |
| Metallurgy, general mechanics..... | 70 | 81 |
| Construction and public works..... | 443 | 444 |
| Electricity..... | 40 | 34 |
| Electric and electronic assembly..... | 516 | 541 |
| Chemical industries..... | 77 | 89 |
| Transformation of stratified and nonstratified plastic materials.. | 17 | 17 |
| Mineral extraction..... | 81 | 108 |
| Leather and shoe industries..... | 25 | 29 |
| Textile, clothing, and related industries..... | 29 | 26 |
| Office work..... | 114 | 124 |
| Horticulture and animal husbandry..... | 396 | 427 |
| Other..... | | 54 |

¹ The data include persons leaving government centers, whether or not they received certificates. The totals therefore exceed

those in table 8, which include only those receiving certificates.

SOURCE: *Revue Française du Travail*.

APPENDIX B

LIST OF COURSES AVAILABLE AT GOVERNMENT TRAINING CENTRES, GREAT BRITAIN, MAY 1964

Building:

- Bricklaying
- Carpentry
- Heating and ventilating fitting
- House painting and decorating
- Plastering
- Plumbing
- Slating and tiling

Civil engineering:

- Contractors' plant maintenance
- Electrical contracting
- Street masonry and paving

Engineering:

- Draftsmanship
- Fitting—general jig and tool
- Instrument bench and machine work
- Centre lathe turning
- Capstan setting operating
- Milling setting operating
- Precision grinding
- Welding—electric arc oxyacetylene

Miscellaneous:

- Agricultural machinery repairing
- Boot and shoe repairing
- Canteen cooking
- Furniture—cabinet making
- Scientific (bench) glass blowing
- Hairdressing (men's)
- Instrument maintenance
- Motor repairing
- Radio, TV and electronic servicing
- Screen process printing
- Storekeeping
- Tailoring (retail bespoke)
- Typewriter repairing
- Vehicle building—body building, coach painting
- Watch and clock repairing
- Woodcutting machining
- Blind persons:
 - Capstan operating
 - Repetition assembly work
 - Inspection work

SOURCE: *Ministry of Labour Gazette*, LXXII, May 1964, p. 197.

APPENDIX C

SUMMARY OF OCCUPATIONAL TRAINING COURSES OFFERED IN THE PAST FEW YEARS, WEST BERLIN STATE LABOR OFFICE, AUGUST 1963

White-collar courses:

Commercial occupations:

Vocational training courses:

Shorthand, typewriting, and German

Typewriting and German

Bookkeeping

Training for office workers

Practical firm experience

Artistic occupations:

Vocational training courses for singers, actors, and dancers

Other occupations:

Retraining courses in indexing, programing, and technical draftsmanship

Training for radar operators and pilots (acquisition of blind-flying certificate)

Refresher course for those trained as X-ray assistants

Training for homemaker services for the aged

Industrial courses:

Retraining courses for the following occupations:

Drain masonry

Spray lacquer helper

Electrical welding

Locksmith's helper

Mechanic's helper

Electrician's helper (from which one can go on to training for radio and television installation)

Lathe operator

Bookbinder's helper

Seamstress for ready-made clothing (work on special machines)

Bulldozer operator

Derrick operator

Crane operator

TRAINING COURSES AT PRESENT TIME,
WEST BERLIN STATE LABOR OFFICE,
AUGUST 1963

Institution offering course:

Universal Foundation
Helmut Ziegner
Vocational office
Grüntaler Strasse 62
Union for technical education
Labor office IV
Berlin (West)
Hofmeister School
Rackow School
D A G
Bernburger Strasse
Worker's welfare office
Youth construction work
WAH Neighborhood office
Lütgeweg 15

Training goal:

Retraining of prisoners for work
in metal and electrical industries.

Training goal—Continued

Aptitude counseling and retraining,
especially for metal and
electrical industries.
Retraining for metal as well as
electrical occupations.
Continuation and retraining
courses for commercial positions.
Foundation course in retailing.
Bookkeeping course.
Vocational training for stenographers.
Qualification and retraining
courses for seamstresses.
Retraining for seamstresses.
Retraining for persons in emergency
program (*Notstandsprogramm*).

APPENDIX D

CURRENT AND PLANNED COURSES AS OF JUNE 30, 1962, SWEDEN

| | <i>Current</i> | <i>Planned</i> |
|--|----------------|----------------|
| Ore mining: | | |
| Machine drillers..... | 1 | ..... |
| Metal industry: | | |
| Car electricians..... | 8 | 1 |
| Spray painters (cars)..... | 2 | 3 |
| Car mechanic, and tractor repairers..... | 38 | 6 |
| Bicycle, moped and mechanical repairers..... | 1 | ..... |
| Insulators..... | 1 | 1 |
| Coil winders/repairers..... | 5 | 1 |
| Goldsmiths' helpers..... | ..... | 1 |
| Industrial electricians..... | 8 | 8 |
| Instrument repairers..... | 18 | 12 |
| Refrigeration mechanics..... | 2 | 1 |
| Machine and engine repairers..... | 8 | 3 |
| Machine and engine operators..... | 19 | 5 |
| Mechanics..... | 162 | 65 |
| Toolmakers..... | ..... | 5 |
| Platers (cars)..... | 4 | 3 |
| Platers (heavy)..... | 2 | 1 |
| Platers (light)..... | 28 | 9 |
| Welding, smithying, and repairs..... | 75 | 17 |
| Welders..... | 42 | 8 |
| Shipyard workers..... | 1 | ..... |
| Tele repairers..... | 34 | 1 |
| Electrical fitters..... | ..... | 1 |
| Spray painters..... | 1 | ..... |
| Technical: | | |
| Surveyors' assistants..... | 1 | ..... |
| Laboratory assistants..... | 2 | 6 |
| Technicians..... | ..... | 3 |
| Draughtsmen's assistants..... | 21 | 11 |
| Geotechnical assistants..... | ..... | 1 |
| Cartographers..... | ..... | 1 |
| Paper and printing industry: | | |
| Machine operators..... | ..... | 1 |
| Phototechnicians..... | 2 | ..... |
| Wood products industry: | | |
| Fittings and machine joiners..... | 31 | 4 |
| Woodwork..... | 2 | 1 |

| | Current | Planned |
|--|---------|---------|
| Textile and clothing industry: | | |
| Sewing of ready-made garments..... | 4 | 3 |
| Pattern cutters..... | 1 | 1 |
| Weaving..... | 1 | 1 |
| Leather, furs, and rubber products industry: | | |
| Leather sewing..... | 1 | ..... |
| Sewing of shoes..... | 1 | ..... |
| Building and construction: | | |
| Concrete workers..... | 2 | ..... |
| Carpenters..... | 8 | 1 |
| Electricians..... | 2 | ..... |
| Bricklayers..... | ..... | 1 |
| Painters..... | 3 | ..... |
| Road transport: | | |
| Truck service..... | 2 | 1 |
| Shipping: | | |
| Deckhands..... | 1 | ..... |
| Ship's cooks..... | 1 | ..... |
| Commerce: | | |
| Retail trade..... | 7 | 17 |
| Punchcard operators..... | 3 | 2 |
| Clerical training..... | 28 | 22 |
| Adaptation training for blind..... | 6 | 2 |
| Hotels and restaurants: | | |
| Kitchen personnel..... | 4 | 7 |
| Buffet personnel..... | 2 | 4 |
| Cooks..... | 1 | 4 |
| Waitresses..... | ..... | 3 |
| Cleaners..... | ..... | 2 |
| Personnel for mountain hotels..... | ..... | 2 |
| Hospitals and nursing: | | |
| Nursing..... | 1 | 9 |
| Operation assistants..... | 3 | 2 |
| X-ray assistants..... | 2 | 2 |
| Radiotherapy assistants..... | 1 | ..... |
| Laboratory assistants..... | 2 | 1 |
| Practical nurses..... | ..... | 1 |
| Housework: | | |
| Housekeeper training..... | 4 | 3 |
| Unspecified: | | |
| Boiler firemen and repair..... | 1 | 1 |
| Total as of June 30, 1962..... | 611 | 272 |

SOURCE: Håkan E. Håkanson, *Vocational Training of Unemployed Persons*,

National Labor Market Board (Stockholm: mimeographed, 1962), pp. 9-11.

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